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CONTENTS

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PAGE

Ref OFFICE MANAGEMENT (Introduction to the Papers read at the
Winter Conference, February, 1927), by I. G. Gibbon, C.B.E.,
D.Sc. 131

MANAGEMENT OF OFFICE STAFF, by Roland Dunkerley, F.C.W.A.,
W. W. Marsh, and W. H. Waddington 138, 155, 171

PROMOTION, by L. Urwick, H. Broadley, and J. M. Newnham,
O.B.E., D.L., LL.D. 184, 199, 207

PERSONNEL QUESTIONS IN GOVERNMENT ENTERPRISE AND
LARGE-SCALE INDUSTRIES, by John Lee, C.B.E. . . . 210

REVIEWS (see next page) 224

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Reviews

<i>Author of Book</i>	<i>Short Title of Book.</i>	<i>Author of Review.</i>	<i>PAGE</i>
BRITISH BOOKS			
MACIVER, R. M.	<i>The Modern State</i>	A. C. Stewart	224
OFFICIAL	<i>The "Case Law" of National Accounting</i> (Report from Committee of Public Accounts.)	A. T. V. R.	227
SIMON, E. D.	<i>A City Council from Within</i>	H. G. Corner	228
FOREIGN BOOKS			
KERWIN, J. G.	<i>Federal Water-Power Legislation</i>	X. Y. Z.	230
LASSAR, G. O.	<i>Jahrbuch des öffentlichen Rechts</i>	A. C. S.	231

OTHER BOOKS RECEIVED 232

Office Management

By I. G. GIBBON, C.B.E., D.Sc.

[An Introductory Note to the six papers discussed at the Institute of Public Administration Winter Conference, February, 1927]

"OFFICE MANAGEMENT" in its wide significance of the present day opens up a new field of study and practice. It is a development of modern large-scale affairs, where the personal touch possible in small businesses is no longer at play, where more systematic organization of staff is essential to success, and where sectional interests have to be fitted into team work for the general good of the whole concern.

There was reason, therefore, for a conference on the subject, and not less advantage in comparing, not only the practice of State and municipal departments, but also of private concerns. The experiment of bringing industrial experts into the discussions of the Institute may well be repeated, on an ampler scale.

The conference, both as to attendance and discussion, was a decided success; though this conference, as others, emphasized the need of "canalizing" discussion, of preventing it from spreading over too wide an area and thus dissipating some of its usefulness. Two measures to this end may be suggested—that authors of papers be given more precise indications of the matters with which they are asked to deal (a mere title is too often a passport to discursiveness); and that they should be asked to summarize their chief conclusions in three or four propositions at the end of their papers, and that discussion be confined to these matters, unless there is good reason to the contrary.

The following is a brief summary of some of the principal matters which emerged from the papers and discussion.

THE TECHNIQUE OF OFFICE MANAGEMENT

A wider appreciation of the importance and possibilities of this new technique is needed, not only among those who control affairs but also among those who serve, so that ready co-operation may be forthcoming, for it opens out a way of markedly increasing efficiency and,

Public Administration

looked at simply from the material standpoint, of making means of remuneration more plentiful.

The next need is for more study of the art, for, though much is known which can be profitably applied, much more still remains to be discovered. In this study it is necessary to combine pure research and the practical experience of actual practitioners, the pure research including, in addition to such painstaking examination of mechanical movements as was made by Taylor in his American studies, a wide extension of psychological work, such as that being undertaken by the National Institute of Industrial Psychology.

The scope of "office management" is wide. It includes, for example, the selection and training of staff; the organization of work and the adoption of the best methods; the use of mechanical contrivances, whether suitable desks or tables, to secure economy of movement, or comptometers or other helpful devices of which each year yields a fresh crop. Most of what is now being done, whatever sphere of work be surveyed, is empirical; we are still, as to at least 75 per cent. of our methods, at a rule-of-thumb stage. For a large percentage of them, we are no doubt likely to remain there still for a long time; but the aim should be steadily to reduce this territory, and to replace the empirical by a larger and larger body of doctrine firmly based on scientific investigation and a methodical scrutiny of practical results.

Man is incurably conservative, except in spasmodic gusts, usually destructive; and it may still be a long time before there is any general acceptance of these views; but the pressure of circumstances will almost certainly bring their adoption. The need of more research, now being preached, under the pressure of economic stress, from the housetops in industrial processes, is equally urgent, and likely to prove equally profitable, when applied to the work of men and women, on whom in the long run results must chiefly depend. Nor need there be any fear because work will thus be still further "mechanicalized"; on the contrary, drudgery and routine should be reduced and labour made more interesting, for it will be performed with more understanding.

DIRECTION OF STAFF

It is clear from what has been said that the duties in connection with this work call for special training and special knowledge, which should not be left to be picked up at random, as a mere incident of other functions, that they call, in other words, for a new profession, or at least

Office Management

a specialized branch of ordinary administration. The effective carrying out of the duties in any large concern promise so large a return that it would be wasteful to leave them to haphazard performance, as much as to leave the legal side of work to men not specially trained for it.

The qualifications and the teaching required for this new service were not discussed at the conference, except incidentally, so I shall not deal with them. But this may be said—that the technique, though there is already much that can be learnt, is still so much in its infancy that the manifest essentials of sound common sense, ample patience and persuasive tact, added to a facility to see the other man's point of view, which is the foundation of all the others, are still the predominant virtues, and are likely to continue so even when they are supplemented by the developed technique which can reasonably be expected during the next decades.

Perhaps the principal danger before this new profession is that, in the vanity of new instruments, the primacy of these ancient virtues may be overlooked.

As in the case of all new specializations, there will sometimes be difficulty in fitting this new one into the machine. For successful management there is nothing more essential than to concentrate responsibility. If the setting up of a directorate of staff weakens the responsibility of the head of a department or of a branch or section, waste and friction will almost surely ensue.

The position is much the same as with finance. After all, it is not so very long since the need of a financial officer, with his present range of duties, was recognized; indeed, the need is not even yet universally appreciated, much less his precise place in financial management. But it will be generally admitted that, however highly the financial organization may be developed, there ought to be no weakening of the responsibility of the head of each department, big or small, for its financial results as well as for its output; on the contrary, one test of the value of the financial organization is the measure in which it brings home this responsibility. The position with regard to management of staff is broadly the same.

PROMOTIONS

One contributor seemed to suggest that promotions should be altogether abandoned—seemed, for he did not really mean more than that a man should be promoted unless manifestly unfit, the system which in large measure has been practised in the past and continues to some extent even to this day.

Public Administration

Few, however, would agree with his basic contention that, given strict means of entry, there is not sufficient difference in the abilities of men in the same class to warrant special promotion. The probable fact is that in each walk of life, in each sphere of activity, there are men, relatively few, who are congenitally qualified in an exceptional degree; it is necessary to say "probable" because the study of human ability has not yet fulfilled the splendid promise of Galton's early work, but all tests tend to confirm the conclusion, whether we look to achievement in business, in art, in routine work (such as the "unruly" lady mentioned by one of the speakers who without special effort would persist in an output 40 per cent. above the norm!), in examinations or in games. There is no reason to believe that what is so obviously true of physical qualities, such as stature, does not also apply to mental qualities.

Efficiency depends largely on getting the right men at the top. In any large concern, whether of Government or of private business, the difference between even good and very good at the top is to be counted in many thousands of pounds. The need of prudent selection is therefore obvious; how far it is, and in what way it may be, secured is another story.

Mr. Urwick surprised his hearers by suggesting that there was possibly much to be learned from a quarter most would not have suspected, the practice of the Army, a practice based on a long experience of handling large permanent staffs far exceeding that of any civilian department or business. He referred particularly to the selection of men of promise for staff duties, to the supplementary training of chosen men at the Staff College, and to the promotion of men on their staff and line records. The comparison is certainly suggestive, and at some time might usefully be more fully examined.

PROMOTIONS: QUALITIES

Much criticism was levelled at the system adopted in the Civil Service of specifying the qualities which are deemed desirable in officials, and of reporting periodically as to each official on the measure in which he possesses each of the qualities.

Two elements may be noted in this innovation—the attempt to analyse the make-up of an efficient official into the different qualities; and an endeavour to measure the manifestation of each quality. The criticisms were certainly not without some warrant. It is, however,

Office Management

necessary to distinguish between use and promise. The use is new ; doubtless it is crude in many ways, in part possibly because of its own defects, probably at least as much because of the shortcomings of those who use it, reporters and others. Until its use has become more practised, it will be well not to depend too much upon it, and to check its defects by older, more rule-of-thumb methods.

There is no gainsaying, however, that if these rule-of-thumb methods are to be transcended, if an instrument is ever to be fashioned which will give dependable impersonal results, it is along the lines already laid down that we must travel. Look where we will, in learning or in production, the measure of progress depends largely on the degree to which processes are analysed into their component parts, and measurement applied. But we have a long way to go.

PROMOTIONS BOARD

There are few men of affairs who would not generally deprecate committees for practical results ; nevertheless, under the plain name of committee or the more lordly designation of Board of Directors, they run through the whole social fabric. They provide a ready retreat from personal idiosyncrasy, predilection and narrowness of vision.

The preference for a Promotions Board over individual choice seemed to be taken for granted in the discussion, though Mr. Broadley set out some of their ailments ; and discussion advantageously turned on the means by which ability could be assessed.

INCENTIVES

Incentives to good work are fundamental to office management but were not much discussed, except in connection with Mr. Dunkerley's examples of increased output, on which it was pointed out that higher earnings were always a reward of increased effort. Mr. Dunkerley indicated, however, that he had not intended to imply that a bonus was an essential condition of the larger output, and that what he had wished to stress was the method of organization of the work.

Other speakers, also, emphasized from their own experience, without in any way deprecating the value of the pecuniary stimulus, that better work was not by any means dependent on better pay, that most persons prefer to give of the best that is in them, and that good organization of

Public Administration

work reaps its reward to a large extent quite independently of more pay.

Stress was laid on the fact that, in the State and in the municipal service, fear of dismissal played a small part in incentive. It was pointed out that private industry was travelling in precisely the same direction, that as private concerns developed to a larger and more organized scale, so also in them the "sack" was becoming a less appreciable method of control.

From which three significant conclusions emerged—the need of carefully chosen methods of entry so that there may be some assurance that recruits are suitable; the desirability of more considered methods of training after entry so that the best use may be made of the raw material; lastly, and not least, the importance of a strict period of probation so that the unsuitable may be rejected betimes, or possibly be tried elsewhere betimes, seeing that the very best methods of selection hitherto devised are but empirical. It is a wise working rule in administrative appointments not to regard any recruit as satisfactory unless he is clearly at least up to the standard required for the grade above that to which he is appointed.

WHITLEYISM

There is almost sure to be some instability in a community where different spheres of life are organized on different bases—for instance, the political on democracy; the industrial on tempered autocracy. Hence attempts to introduce more of democracy into business management.

There is unquestionably a feeling that Whitley Councils and Committees have not yielded the results optimistically expected of them. Here also, however, it was suggested that difficulties and the absence of more fruitful results were to be explained, in part at any rate, by the newness of the instrument and the want of adaptation, possibly on both sides, to the advantageous uses which could be made of them. The subject was but briefly touched; adequate consideration would require a whole conference.

Three advantages, however, were emphasized in particular—that such representative committees, whether in public or in private concerns, gave a deeper feeling of confidence and helped to develop an *esprit de corps* (whether at present they do as much as, for instance, a vigorous works football team may be questioned!); that they facilitate suggestions from

Office Management

the staff ; and, in particular, by making it possible to discuss beforehand proposed changes of organization or methods, they prevent dissatisfaction and misunderstanding, and the many disturbing rumours which are apt to spread on these occasions.

It seems clear, however, that in due season a fuller consideration of the position and value of bodies of this kind will be advantageous, a consideration based primarily, not on theoretical views, but on experience of their actual operation, for their future will be determined in the long run, not by academic opinion, but by practical results.

Management of Office Staffs (Industrial Establishments)

By ROLAND DUNKERLEY, F.C.W.A.

Assistant Comptroller, Metropolitan-Vickers Electrical Co., Ltd.

*[Paper discussed at the Institute of Public Administration Winter Conference,
February, 1927]*

MUCH time and energy have been devoted by the industrialists of our time towards obtaining the maximum production from their manual workers. The materials from which their manufactures are made, and the methods and processes by which these materials are converted into the finished article, have not escaped the notice and consideration they deserve; even the technique and economy of salesmanship have received a fair amount of attention, especially in recent years. Over and above these main items in the cost of production, and not unworthy, perhaps, of comparison with them, is the large expense of salaries of what is termed "staff." It must be confessed that industry, on the whole, has shirked the problems connected with this subject.

In any organization, be its size large or small, there are so many varieties of work and activity that it is not a paying proposition to set out with the idea that the highest-grade employee is the most economical in all cases. In a manufacturing concern the changes are rung on many different types of staff worker, from the foreman's clerk, time clerk, or man who makes entries on stores records, cost clerks, accounting clerks, order clerks, correspondents, stenographers, etc., to section leaders with partial responsibility for sections of the main office, and finally to the office managers and the executive.

The problem to be considered is whether the right employees have been selected for the right jobs, and whether the most efficient service is being obtained from them.

In many cases the results obtained from this class of worker are judged on personal observation only, and whilst this may be effective in small offices, with larger staffs it is very important that some intelligent study should be given to the problem.

Modern organizations, particularly those concerned with manufacture, are realizing that the trend of industry is towards specialization. The workman is no longer expected to be a clerical worker making out time cards and requisitions, and the main concern is to keep his machine

Management of Office Staffs (Industrial)

running the *whole* of the time he is in the factory, and to ensure that he does not spend time seeking tools, materials, drawings, or any of his requirements.

If this study to eliminate unproductive energy is necessary in the case of the workman (where it is possible to measure his output capacity), how much more is it necessary that in the control of staff some thought and study should be devoted to ensure that the work is done in the most efficient manner, with the right grade of labour, consistent with an economic salary, and, wherever possible, compared with some standard from which judgment as to ability can be made from the facts rather than from conjecture based on casual observation?

Selection.—The multifarious varieties of staff work in a large manufacturing concern preclude the appointment of staff on a purely competitive examination basis, and the first problem which faces the employer is to find the means to obtain the right type for the positions he desires to fill.

In the first place, the conditions of employment, salaries offered, prospect of advancement, security of tenure, general treatment, welfare schemes, must, in the aggregate and in the average, be such as to ensure a supply of good applicants. The conditions of industry as already mentioned aim at specialization, and from the outset modern development has been towards the establishment of an employment bureau. It has been found from experience that in the larger organizations the original, and in many cases present, method of allowing heads of departments an indiscriminate choice in selecting employees has given rise to many difficulties, particularly when promotion is being considered, and furthermore a large amount of time is spent in reading applications and sorting out those suitable. From sheer pressure of more important matters a system has gradually been evolved in the most efficient organizations, whereby the bureau carries out all preliminary enquiries and by continuity ensures a more even standard than could be obtained by individual effort, and also furthers any general policy determined by the higher management. When selecting a short list of applicants the bureau has several alternatives on which to base its recommendations:

- (a) To select applicants by competitive examination or scrutiny of records of academic study;
- (b) Personal interview and "weighing up" of candidates, without reference to any exact records and examinations;
- (c) A combination of the two, with varying importance placed upon either according to the requirements of the position to be filled.

The latter is the one which is in most use, and whilst it is easy to

Public Administration

compare the records of academic attainment of several applicants it is not easy to evaluate all the factors included under the vague word "personality."

Some of these include :—

Appearance (Neatness and Cleanliness).

Manner.

Forcefulness.

Tact.

Initiative.

Potentiality (effects of environment, past and future).

It is obvious that the varying requirements and positions will determine the weight to be given to each of the factors mentioned above, and the bureau gathers sufficient general experience of the requirements of each head of department, and the qualities required for positions under his control, to submit the most suitable names for a short list. The information gleaned will be recorded, and Exhibit No. 1 is a copy of an Application Card which is in use in one of our modern manufacturing organizations. The head of department then, very often in consultation with the bureau, makes a selection after an interview, and in many cases for junior positions, except for a final interview, the bureau virtually makes the selection.

Introduction.—The introduction of the successful applicant to the position he is to occupy, whether high or low, should be done carefully to ensure that the minimum loss takes place in settling down, and a great deal more care than is often given should be spent in setting out the job and teaching the person concerned the best way to do it. It usually happens that the new employee is told what work is to be done and then left to do it to the best of his ability, and as in many of the lower-grade occupations the worker's ability is not of a very high order the work is carried out inefficiently. Experience has proved that in the training of the workman at the machine it is necessary to be thorough ; it is equally necessary to teach the clerical worker the best methods of working.

Training of Personnel.—While too much stress cannot be laid on the necessity for adequate and thorough selection methods it must be realized that extra attention to this does not permit slackness in the training of the personnel introduced into the offices.

Leaders of sections within the departments will be chosen not alone on their knowledge of the work required, but also on their qualities of leadership, which incorporates their ability to impart the requirements of the job to new members of the staff and to inculcate that spirit of "team work" not selfish effort which is the success of any organization. They will give attention to the individual needs of the personnel under

Management of Office Staffs (Industrial)

their care to ascertain if adequate instructions are available and facilities for gaining increased experience provided.

In the case of junior members of the staff, definite schemes for training are advisable. Too often juniors are allowed to drift into dead-end positions and promotion difficulties are increased. Apprenticeship has been found a necessity in manual labour to produce craftsmen, and similar provision is now becoming more widely applied on the staff sides. Maximum results can only be obtained from such schemes when they are conducted on defined lines with movements at definite periods to other classes of work.

Many firms in industry are taking more and more interest in the after training at evening schools of their junior staff employees, and in some cases conduct educational and vocational classes of their own. The latter provide excellent training grounds, and promotions on ascertained capabilities can be made.

Attendance.—In the control of large staffs the question of discipline is an important factor, and nothing is more necessary than that work begins at the correct time. The abuse of privileges in this connection has brought in its train the Time Recorder, which has gradually taken the place of the older method of "signing the book." Even this is not effective unless proper records are kept of actual attendance time. Exhibit No. 2 is an example of the summary of a department's or section's attendance record during a given period. In the space provided are given the names of those whose attendance is such that their lateness during the period has been greater than the allowed number of occasions (say six), or their total lateness has exceeded a pre-arranged period (say one hour) or who have for any cause been absent. The records of every individual should be kept separately. These forms are a record from a discipline point of view, and enable a check to be kept on the number of days absent per month, as against the time allowed, say for holidays, the amount of time lost due to sickness (a matter of interest to the welfare section), and time lost for other causes (*e.g.* poor travelling facilities). The general record, including that of lateness, can be studied with advantage when the question of promotion or increase in salaries takes place. The old saying that "A good start is half the race" applies equally in business as in other walks of life.

Suggestions and Complaints.—Provision should be made for the reception of suggestions and complaints, and these should be received sympathetically, for such are neither bought with salary nor removed by discourtesy.

Reward for suggestions may be monetary, but whenever possible this should be by provision for promotion and opportunity, and so apply the ability which is striving for expression.

In large organizations it is usual to encourage the employees to elect

Public Administration

representatives from each section or department to form a committee, which meets from time to time and co-ordinates all questions affecting the relationship between the management and the staff generally. Such committees form the channel for the dissemination of information and serve as an outlet for expressions of dissatisfaction without fear of victimization. Where they have been set up and encouraged they have assisted greatly in increasing confidence between all ranks.

Advancement and Salaries.—When considering the question of promotion and advances in salary, many points of view present themselves, and experience has proved that organization in this matter is necessary to overcome the influence of different temperaments of the various departmental managers. The effect of generous and miserly temperaments is soon seen unless some central salaries office for co-ordination is established. The establishment of scales by age up to, say, nineteen years for junior workers, with sufficient margin between the maximum and minimum for each age to encourage special ability, probably meets the case most effectually, and in the very highest grades the position carries with it a salary which has been fixed by precedence and comparison. Most difficulty is found when consideration is given to the intermediate grades of staff. A system of grading is carried out effectively, it is believed, in the Public Services, and in some organizations in the industrial world, but unless the grading is carried out wisely and is flexible enough to encourage the progressive individual the effect is likely to result in the stultifying of initiative, and if promotion is on a "dead man's shoes" basis or a "length of service" basis, this priceless possession is killed, and the best is not obtained from the employee.

It is not easy to lay down a hard-and-fast rule when the question of advancement in salary comes forward, and Exhibit No. 3 shows an Advance Sheet as used by a modern firm where a status grade has been introduced and a standard rate fixed for the grade, and gives an idea of the points which require consideration when dealing with this matter. If the scrutiny of salaries is done at a definite period or periods, and the whole range of employees are considered, the salaries department has an excellent lead to arrange that salaries are on a co-ordinated basis. It is well to remember that an underpaid person may be just as uneconomical as an overpaid one.

Dismissals.—Dismissals due to shortage of work are a necessary evil in industry under present conditions, but it should be made clear to all employees that when reductions in staff are contemplated, due consideration will be given to past record of work, attendance, and, moreover, that such action will be delayed, assuaged, or even abandoned should circumstances come to light which make for acute hardship—in short, the personal touch of the manager must be present and such action never delegated to juniors. Dismissals for incompetency, discipline, etc., will,

Management of Office Staffs (Industrial)

if carried out wisely and with due consideration, increase the efficiency of the staff without exciting animosity or removing that feeling of security of tenure of the honest and willing employee, which once attained is a vital stabilising force.

Volume of Work.—The greatest problem is that of obtaining the maximum effort from the worker, and the statement is reiterated that more thought will have to be given to the consideration of clerical work than has been the practice in the past if staff efficiency is to be obtained.

Whilst incentives either in the way of promotion or increased salaries or bonuses are in themselves useful, unless the departmental heads or those in control are prepared to draw from their experience and from their acquired knowledge, and lay out the jobs for the clerical worker, it is not reasonable to assume that the average clerical worker has the ability to do this efficiently for himself. He will naturally do it in the way that appears best to him, but whether this is the most economical and efficient way is another matter.

The introduction of mechanical office appliances has demanded that questions of whether work required can be done more economically by highly-paid skilled labour or lower-paid machine operators shall be studied by the efficient controller of staff, and in the introductions of machines he must be prepared to face considerable revisions in established systems to obtain the maximum benefits.

What can be done by a co-ordination of study by the individual responsible for the control and by a system of incentive in the way of bonus is illustrated in the following examples.

Clerical.—(Exhibit 4.) An automatic process of punchingholes in job cards and verification of the same by another body of workers was studied from all aspects, and it was found that a great deal of time was taken in the putting in and taking out of the cards and in the handling process generally, and not in the actual punching operation itself. During a rush period after specific instruction in method had been given, a prize scheme was introduced to encourage an increased output. The figures obtained at this date were, punching 150 and verifying 250 per hour, and the percentage of scrap cards was found to be between 8 and 10 per cent.

A complete study of the operations then took place, and it was noted that the time lost was taken up mostly by private conversation, and that the great bulk of the errors which resulted in scrapped cards had its foundation in the lack of concentration consequent upon these interruptions. A bonus scheme was introduced on an agreed basis in an endeavour to make the concentration worth while, and from Exhibit No. 4 it will be seen that the verifying has increased from 250 to 520 per hour, and that the punching has increased from 150 to 310 per hour, whilst the scrap has been reduced from 8 per cent. to $2\frac{1}{2}$ per cent. These results have

Public Administration

amply proved the contention that the scrap was the result of lack of concentration. The graphs shown in the exhibit are those of the operators collectively, and cover a period of years. Individual charts are kept for the different operators, and these are better criterions of progress, and afford a basis for promotion and advancement in a way that personal judgment could not provide.

(Exhibit 5.) In a particular class of work the varieties of calculations hitherto done by hand and by the aid of ready reckoners were such that calculating machines were introduced. After the initial prejudices were overcome it was proved beyond doubt that a very great saving over the old method would be effected by their use. The training of girls to do this work on the machines followed, and when the system had become established general efficiency methods were introduced. For example, the machines were sunk into special desks to ensure that the operator pressed the keys to the bottom—a process necessary to obtain the correct calculation. The girls were provided with chairs which could be adjusted for height, so that they were at the correct position at the machines, and so reduce fatigue. The desks were arranged so that the maximum space was provided at the left hand of the operators, as this was the side to which they turned to make their notes and to place their work, and they were taught to use the machines whilst keeping their pencils in their hands and thus cut out the operation previously performed thousands of times per day of picking up and putting down the pencil after recording each calculation. A bonus scheme was introduced, and Exhibit No. 5 shows the advancement in efficiency due to experience and due to bonus incentive, from which it will be noted that the speed of extension has gone up from 100 to 350 over a period of four years. Whilst the amount of bonus earned is satisfactory to the girls, the increased efficiency has enabled this particular work to be carried through successfully, on an ever-increasing load without any increase of staff.

Some concern was felt by the Welfare Department as to the effect of such concentration and speeding up of work, and in order to recuperate workers a break of fifteen minutes is allowed in the middle of the morning and afternoon to enable them to visit the canteens for a cup of tea and so relieve any possible strain that might exist. The results have shown a lack of disposition on the part of the girls to be absent from work, and experience has also shown the fears of the Welfare Department as to over-strain to be quite groundless.

(Exhibit 6.) Another example of the effect of studying clerical operations is in the everyday ordinary task of putting insurance stamps on cards. The changing from quarterly to weekly stamping resulted in a considerable economy taking place, and by giving facilities for easy dating, easy filing, and a bonus incentive, the number of stamps put on the cards has increased from 330 to 600 per hour. Two girls are engaged on this

Management of Office Staffs (Industrial)

operation, and particular interest will probably be evinced in the effect of the introduction of a new operator during 1926.

(Exhibits No. 7, 7a, 7b, 7c.) In these exhibits a little of the process through which the study was taken is given. From the graph it will be noted that the length of time originally taken to prepare the pay roll, using an automatic pay-roll machine, was 80 hours (machine) per week, and study of the work was particularly necessary due to the difficulty in obtaining a steady flow of work, as the peak load was reached at the end of the week when the cashiers were pressing for their sheets to make up the wages. By process of study, alteration of design, and bonus, the machine hours have now been reduced to 19 per week, and the number of cards handled has gone up from 90 per hour to 375 per hour. This is how the process functioned:—

Exhibit No. 7a represents the original pay-roll record, which was so wide that to ensure easy reading and checking it was necessary to insert the workman's check number on both sides of the sheet. The width of this sheet was 16½ inches.

A request had been made for internal purposes that the names of workmen should be given on the pay-roll sheet, and accordingly a study was made as to how this could be provided and how much of the work could be done on an addressing machine prior to the peak load times.

Exhibit 7b shows the pay roll as it is now prepared before going on to the pay-roll machines, and it will be noted that all repeated items and deductions are now printed by the machine from a cut plate or stencil. Exhibit 7c shows the completed pay roll which with additional columns is only 13 inches wide.

The effect of this study was to even out the work, to cut out 110,000 depressions of the pay-roll machine keys, and to substitute for it six hours' work on the addressing machine at the beginning of the week, so that by adding these six hours to the nineteen (machine) hours of the pay-roll machines we obtain the total time of twenty-five hours as against the original eighty. The peaks and valleys shown by the graphs in 1924 and 1925 were due to the use of inexperienced labour.

Drawing Office.—Turning to a completely different class of staff work, namely, the drawing offices, the study of the work of the tracers in a particular department showed that the tracings could be divided into four main classes, and records were kept as to the quantity of tracings in these classes done by individual girls. It was then decided that sufficient detail had been obtained to form the basis for a bonus scheme, all preliminary study of methods having been done during the period. When the scheme started in 1923, in this particular department there were six tracers and a section leader, and several of the girls were highly paid on account of service. Values were fixed for the respective classes of tracing and prior to the scheme the number of drawings turned out was 110

Public Administration

points; in 1926 the average per tracer was 166 points. Several of the higher-paid girls left (in most cases to be married) and more junior labour was employed, the post of section leader was abolished, and the number of tracers is now four. It is interesting to note in connection with this that practically twelve months elapsed before the output of work rose from 100 per cent. (bonus basis) to 150 per cent., due to some extent to suspicion of the scheme and its novelty, but during the past two and a half years the output has been steady, round about 160 to 170 per cent. In addition to the gain to the Company due to increased output, space occupied previously by two tracers and their drawing-boards is now free for other uses.

Stenographers.—A subject of interest to all clerical workers is the work of the stenographers, and here again it can be said at the outset that most stenographers are not used to their maximum capacity because of the mixing-up of work for which they are best qualified with that of less skilful clerical work. In other words the best use can be made of stenographers by—

- (1) Giving stenographic work to stenographers;
- (2) Copying work to copy typists;
- (3) Clerical work to clerks.

The centralization of the stenographic staff in one department is very often conducive to efficiency and economy. Work where departments have separate typists and stenographers often suffers because one of two or three is absent and work is carried over. Salaries, due to the departmental managers' temperaments, are not consistent, which causes a considerable amount of irritation, and training of junior members of the staff can be more efficiently carried out. It has been found that the introduction of dictaphones has made immense savings as against the older method of shorthand typists, because much of the work can be given to copy typists and a lower grade of worker engaged.

To quote from an article in "Industrial Management" by Mr. Wallace Clark, on the subject of the points which should be watched when training stenographers, he gives a list of these which it is suggested, if followed out, would lead to increased and more efficient work from the typing department, viz:

- When to use various letter heads.
- Proper position of date, subject, and address.
- Line spacing.
- Margins.
- When to spell out numbers.
- Indenting quotations.
- Headings on second page.
- Marking carbon copies.
- Form of addresses and signatures.
- Addressing envelopes, etc.

Management of Office Staffs (Industrial)

A study of the mail over a period will show the possibility of the introduction of form letters which would cut out much detailed typing. The uses of standard letters and sentences ought to be thoroughly investigated, particularly where much repetition occurs. In connection with form letters and facsimile letters great strides have been made in the typing world by the use of duplicating machines and office appliances of these kinds.

The question of setting standards for typing work is a difficult one owing to the variation in work, but if the number of sheets done by each girl is recorded some general criterion can be obtained, and a system has come from America known as the Sherwin-Cody system where an arrangement is provided for measuring the square inches of typing. Unless bonus schemes are in operation it is not suggested that this should be done regularly, but it is suggested that periodic checks of the work of individual operators will prove of inestimable value in assessing a typist's value. The argument regarding variation which is bound to be put forward against any such suggestion can be answered by the fact that although the work varies, in the main it averages.

The typing of invoices was the subject some time ago of a study with a view to increasing output, and at that time the output per typist was 15 to 18 per hour. Study by stop-watch and observation showed that it was possible for the typist to do as many as 40, but in order that encouragement should be given an original bonus rate of 24 was fixed. This did not provide the required incentive, and the rate was dropped to 20. At the end of 1923, the average rate was 23 per hour, towards the end of 1924—26 per hour, December 1925—34 per hour, at which figure it has remained steady. In this scheme all invoices count as one, whether large or small, and whilst minor improvements to facilitate the work have been put forward the result must be almost entirely due to the incentive of the bonus and the concentration it provides.

General.—These examples will, it is suggested, prove that with study and incentive the control of staff is not one of mere disciplinary routine, but that if the maximum work is to be obtained methods of carrying out the work, and incentive for doing it, must be provided.

Systems of encouraging output through monetary reward have undoubtedly a stimulating influence, but they are not in any way meant to act as substitutes for higher natural impulses, nor in fact can they ever do so. Loyalty, the urge to do a first-class job, the higher and less selfish form of ambition, the creative, artistic and inventive urges which seek expression, these are the natural forces on which the best organized office must still rely, and it is on these foundations that success must ultimately be established.

The layout of the offices themselves is a very important factor in obtaining clerical efficiency. Provision for ample space, light and

Public Administration

accommodation should be made, and it is suggested that the arrangement of the desks in "*echelon formation*" will do much to ensure concentration by discouraging conversation.

One of the least considered problems of Staff Management is the setting up of machinery to cope with sudden or periodic peak loads on sections which cannot be met successfully by increased effort and spreading out of work. The usual remedy applied is "overtime." Such loads may be due to sickness of staff, holiday periods, urgent calls for information, month or year end balances, inventories, etc., and the result is often a loss in general efficiency and at the best results are delayed.

A much sounder method may be found by the appointment of Flying Squads—made up of a number of carefully selected clerks—which are part of no particular office staff, but come directly under the control of the Manager, who sends them to assist whichever section or sections are most pressed. Such clerks must receive special training, and should be able to grasp new routine in a very short time and have an adaptability which enables them to absorb instructions and the technique of any particular job with rapidity.

If all incentives fail and the employee is shown by definite records as not up to the required standard, the question of retention or dismissal can be considered without the feeling of victimization arising or the possibilities of a serious mistake being made entering the discussion. Many inefficient employees escape dismissal because of pleasing personalities, but the severe business conditions of to-day demand efficiency and the reduction of all uneconomical overhead costs, and there is no doubt that a great deal more attention will be paid in the future than has been paid in the past to the question of the Management of Office Staff, from the point of view of both management and employees, a view which must crystallize in the production of an article which can be sold at a competitive price and which will bring prosperity both to industry and the country.

With this perspective it will be seen that the retention of lazy or inefficient staff is uneconomic, not only for the shareholders, rate or taxpayers, but in the best interests of their fellow employees.

High Grade Staff.—It may be considered that too much reference has been made to junior or intermediate staff labour. Perhaps this point has been stressed somewhat heavily. It is because in this sphere experience has shown most of the waste to occur. The office manager is, as a rule, out of touch with the juniors and general staff in a large office, and can have no opportunity of watching each member attentively for any considerable period. It is with this type that rule of thumb methods, as bonus, may have a very beneficial effect. With the high grade members of his staff, on the other hand, the departmental head is, as a rule, closely in touch. He knows what each can do, and is only too soon aware if

Management of Office Staffs (Industrial)

one of them is or becomes inefficient. On the other hand, he can readily personally appreciate good work and assistance received.

The treatment of his grade of staff is bound to rest largely on the personality of the Manager.

The Manager must have "drive" and discipline, combined with tact and a considerable amount of patience and good humour. With these, if the staff has been well selected, and provided that he has grasped the theory of "delegated responsibility"; that is to say, just how much or how little of his activities can be most efficiently shouldered by his subordinates, success should be ensured.

The subject of staff control is a large one, embracing problems of "leadership of men" which are ages old; it is the purport of these comments to direct the attention of executives towards their staff, to make them anxious to find out if their staff is as satisfactory as it can be, and to assure them, whether they be in industry or the public services, that they are to be sincerely congratulated if and when this is the case.

Public Administration

APPENDIX

EXHIBIT No. 1.

APPLICATION CARD							
Application	Written	Personal	Suggested by	Trade, position, or merit most suitable			
Date	(Signature Test)						
FULL NAME OF APPLICANT				ADDRESS IN FULL			
Age	Date of Birth	Single or Married (If of Dependents)		Any Physical Defects			
High School	High School	Trade Union	Artistic Inclination	Ever Received Compensation?			
	Place	Period	Course	Certificates Secured or Exams Passed	Best Subject	Worst Subject	
School							
Evening School							
Apprenticeship							
Present & Previous Employers	Position	Particulars of Work Done		Wages	Date Left	Reason	References

Physique etc.	Active	Strong	Mouth Swallow	Fluent	Well Dressed	Good Temper	Confident
	Tall	Robust	Eyebright	Yod	Cheerful	Temperate	Liberal to Control Others
Experience etc.							
Manner							
General Impression and Remarks							
Any Relatives Who Were Here							
RESULT							
To Start in Dept.	Rate	Hourly Wages or Monthly Salary	Favorable P. I.	Favorable P. I.	Agreement	Interviewed by	
Date	Grading Symbol	Favorable Letter Section 177	Favorable P. I.	Favorable P. I.			

EXHIBIT No. 2.

RECORD OF TIME-KEEPING.

Department.		Period Ending		192					
To Head of Department, Mr.									
Total No. of Employees	Total Possible Attendance	No. of Employees making All Attendances on time		No. of Employees Not Exceeding Time Allowance		Total Time Lost (Hours)	Cost of Work	Total Overtime (Hours)	Absent (Days)
		No.	%	No.	%				
7-30									
8-30									

LIST OF EMPLOYEES WHO HAVE EXCEEDED TIME ALLOWANCE.

NAME	Total No. of Times Late	Total Time Lost (Minutes)	Total Overtime (Hours)	Absent (Days)	REMARKS

For Exhibit No 3, see page 153.

Management of Office Staffs (Industrial)

EXHIBIT No. 4.

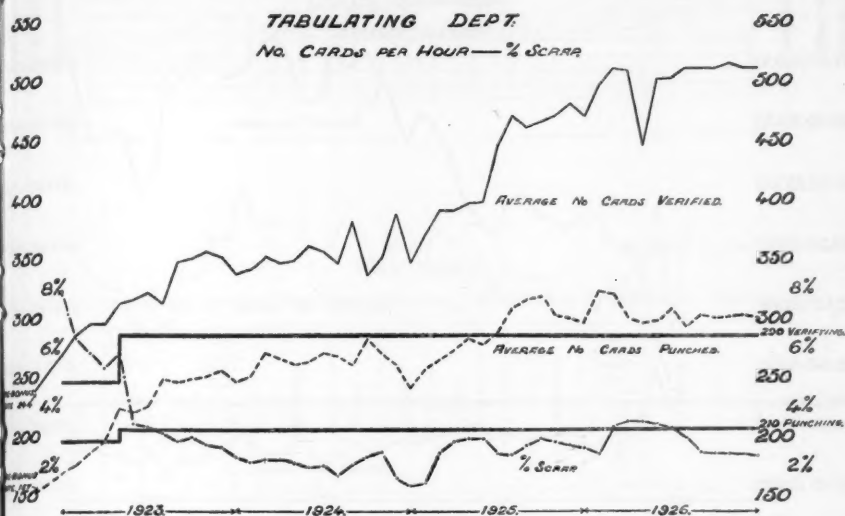
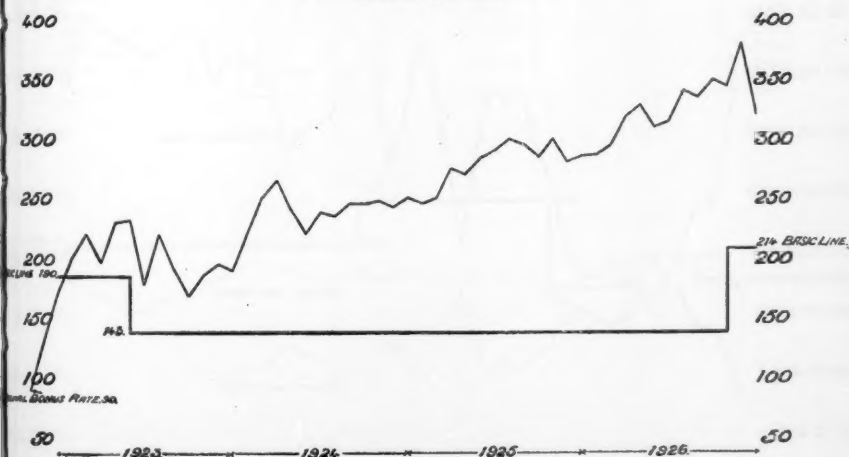


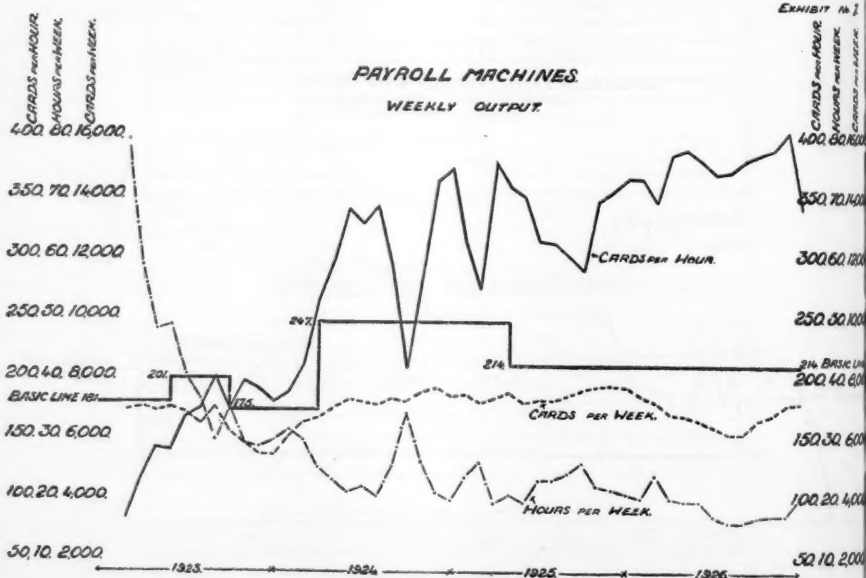
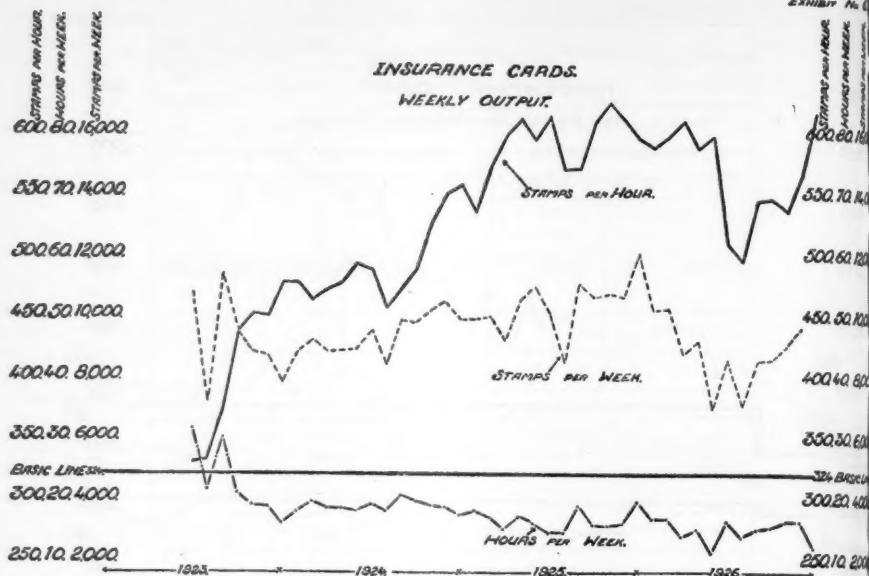
EXHIBIT No. 5.

CALCULATING M/C OPERATORS. EXTENDING JOB TICKETS. AVERAGE PER HOUR.



Public Administration

EXHIBIT No. 1



2000
4,000
6,000
8,000
10,000
12,000
14,000
16,000
18,000
20,000
22,000
24,000
26,000
28,000
30,000
32,000
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74,000
76,000
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80,000
82,000
84,000
86,000
88,000
90,000
92,000
94,000
96,000
98,000
100,000

[illegible]

PAY ROLL

EXHIBIT No. 7a.

Department: *Engineering*. Department No. 151. Week ending 11 July, 1926. No. 1 of 2

Check No.	Hours.		Com- pany's Insur- ance.		Gross Wages.					Shares.	Overalls.	Club.	War Savings.	Paid in Advance.	Em- ployees' Insur- ance		Net Wages.					Check No.
	Regular.	Overtime.	Health.	Unemploy- ment.	£	s.	d.	.	.						Health.	Unemploy- ment.	£	s.	d.	.	.	
47001	422		5	4	4	2	2		3						5	4	4	1	2	*	47001	
47004	340		5	4	3	14	2	3							5	4	3	13	2	*	47004	
47006	470		5	4	3	18	6	3							5	4	3	17	6	*	47006	
47007	293		5	4	2	18	4								5	4	2	17	7	*	47007	
47009	470		5	4	5	0	8								5	4	4	19	11	*	47009	
47010	292		5	4	1	4	3	2							5	4	1	3	4	*	47010	
47012	453		5	4	4	9	0	3	3						5	4	4	8	0	*	47012	
47013	452		5	4	4	14	3	3				2 0			5	4	4	11	3	*	47013	
47014	300		5	2	1	0	2								5	2	0	19	7	*	47014	
47017	470		5	4	5	4	6	3				2 0			5	4	5	1	6	*	47017	
47018	470		5	4	5	1	5								5	4	5	0	8	*	47018	
47021	463		5	4	4	19	7	3				2 6			5	4	4	16	1	*	47021	

Public Administration

EXHIBIT No. 76
Department No. 150

PAY ROLL
Department Name: Engineering.

Roll No. 1 of 2.

Week ending 30th January, 1927.

Line No.	Clock No.	Name.	Company's Insurance.		Gross Wages.			Employees' Insurance.		Benef. volent.	M.-V. Club.	Ap- pren- tice Club.	M.-V. Thrift Scheme.	Motor cycle garage.	Long Service Ass'n.	Paid in advance.	Hours.		Net Wages.	
			Health	Unem- ploy- ment.	£	s.	d.	Health	Unem- ploy- ment.								Over- alls.	Over- time.		Regu- lar.
1	150672	Anderton, W.	9	8				9	7	3	I									
2	150673	Jones, C.	9	8				9	7	3	I									
3	150678	Phoenix, S.	9	8				9	7	3	I									
4	150679	Harding, J.	9	8				9	7	3	I									
5	150680	Jones, E.	9	8				9	7	3	I									
6	150681	Maddocks, J. T.	9	8				9	7	3	I									
7	150682	Miller, R. S.	9	8				9	7	3	I									
8	150683	Cannell, A. C.	9	8				9	7	3	I									
9	150684	Goodier, H.	9	8				9	7	3	I									
10	150687	Panter, T.	9	8				9	7	3	I									
11	150688	Yarwood, T.	9	8				9	7	3	I									
12	150689	Pimlott, A.	9	8				9	7	3	I									

EXHIBIT No. 70
Department No. 150

PAY ROLL
Department Name: Engineering.

Roll No. 1 of 2.

Week ending 30th January, 1927.

Line No.	Clock No.	Name.	Company's Insurance.		Gross Wages.			Employees' Insurance.		M.-V. Club.	Apprentice Club.	M.-V. Thrift Scheme.	Motor cycle garage.	Long Service Ass'n.	Paid in advance.		Overalls.	Hours.		Net Wages.		
			Health	Unem.-p.	f.	s.	d.	d.	d.						f.	s.		d.	Over-time.	Regular.	f.	s.
1	150672	Anderton, W.	9	8	2	14	9	9	7	3	1	1	6	1	0	10	0	6-50	47-0	2	1	3
2	150673	Jones, C.	9	8	3	16	9	9	7	3	1	1	6	1	0	10	0	6-0	43-0	3	10	10
3	150678	Phoenix, S.	9	8	3	19	1	9	7	3	1	1	6	1	0	10	0	4-50	38-5	2	16	7
4	150679	Harding, J.	9	8	1	19	11	9	7	3	1	1	6	1	0	13	5	2-25	37-75	1	16	5
5	150680	Jones, E.	9	8	3	2	0	9	7	3	1	1	6	1	0	13	5	5-0	47-0	2	6	2
6	150681	Maddocks, J. T.	9	8	2	13	6	9	7	3	1	1	6	1	0	10	0	5-25	41-0	2	10	0
7	150682	Miller, R. S.	9	8	2	11	9	9	7	3	1	1	6	1	0	10	0	16-50	43-25	1	9	4
8	150683	Cannell, A. C.	9	8	1	19	7	9	7	3	1	1	6	1	0	10	0	8-50	38-5	1	15	1
9	150684	Goodier, H.	9	8	3	20	11	9	7	3	1	1	6	1	0	19	0	9-0	47-0	3	6	11
10	150687	Panter, T.	9	8	2	19	1	9	7	3	1	1	6	1	0	10	0	5-0	43-0	1	17	8
11	150688	Yarwood, T.	9	8	1	19	17	9	7	3	1	1	6	1	0	10	0	8-50	38-5	1	15	1
12	150689	Pimlott, A.	9	8	3	19	10	9	7	3	1	1	6	1	0	10	0	9-0	47-0	3	6	11
			9/-	8/-	34	17	10	9/-	7/-	3/-	1/-	15/-	4/-	8d.	4	2	5	86-0	311-5	26	28	3

Management of Office Staffs (Government Departments)

By W. W. MARSH

Director of Establishments, Ministry of Labour

[Paper discussed at the I.P.A. Winter Conference, February, 1927]

ANY attempt to compress a description of the management of Office Staffs in Government Departments within the compass of a short paper must necessarily confine itself to the broadest outlines of the subject. It is obvious that rules as to the management of Staff cannot be applied uniformly to all Government Offices, large and small, in London and in the provinces, owing to their divergent necessities and varying character and size. Nevertheless, an effort will be made to describe the system of management which forms the bed-rock of organization of the Government machine taken at large.

The term Civil Service covers all those engaged in conducting the business of national Government, not only the officials who administer Civil affairs, but also those who control the machinery of the War Departments. Civil Servants are not restricted to the Whitehall area. They carry on their functions in every town where taxes are to be collected, letters posted and delivered, and business carried on in accordance with the enactments of Government. Roughly, Civil Servants are distinguished from that other great band of officials employed by Local Authorities, by being directly employed and paid by one or other of the Departments of State. In all, there were at October, 1926, 300,224 persons employed in the Civil Service, of whom 255,534 held permanent appointments. These figures take no account of the Industrial Staffs employed in the various Government establishments, but do include certain non-clerical grades, such as messengers employed in Government Departments. For the purpose of this paper, the manual and manipulative Civil Service is generally excluded.

The history of the organization of the Civil Service is necessarily long and eventful, and cannot be dealt with here. Chapter I of the Majority Report of the Royal Commission of 1912 on the Civil Service (Cd. 7338 of 1914) gives historical data on the organization of the Civil Service from 1853 until the date of its publication, and those who read it will realize that the growth of the Service had been far from regular and monotonous. Some idea of subsequent developments will emerge in the course of this paper.

Public Administration

The present general scheme of organization of the Service dates from the time of the adoption of the Report of what is known as the Reorganization Committee, a Sub-Committee of the Civil Service Whitley Council. This Committee was appointed :—

“ To consider the scope of the duties at present allotted to the Clerical Classes in the Civil Service ; to report on the organization most appropriate to secure the effective performance of those duties ; and to make recommendations as to scales of salary and method of recruitment.”

Its Report, which was issued in February, 1920, recommended an organization based on three main classes :

- (a) An Administrative Class, comprising all those who take part in the formation of policy and have charge of control and management within their Departments ;
- (b) An Executive Class, to apply to particular cases policy already enunciated, including the handling of cases not falling within the limits of strictly defined instruction and practice ; and
- (c) A Clerical Class, for the remaining simpler duties, such as the straightforward application of regulations to individual cases, the drafting of simpler correspondence, précis work and returns.

In applying this tri-partite form of organization, it was not intended that all three classes should work together in any Branch of a Government Department, but rather that, according to the nature of the work, a Branch should contain one or two Classes only, e.g. Administrative-cum-Clerical or Executive-cum-Clerical. It was not contemplated that Administrative Staff should be employed in the same Branch as Executive Officers.

[Further details regarding the present organization of Staff of the Civil Service, as determined by the Reorganization Committee, will be found in the Appendix.]

Such then, broadly speaking, is the scheme of Staff organization which at present is in operation within the Civil Service. It is now necessary to see how individual appointments within the Service are made, and, after appointment, what methods are followed to secure the proper and efficient conduct of work by the officer and his employment under equitable conditions of service.

Without going into further detail as to methods of recruitment, it is perhaps enough to say that the Civil Service Commission select and certify applicants for appointments on the basis of educational competence, health, and fitness as to character. From the moment of certification as “qualified” in these three respects, the responsibility of the Commissioners ends, and the employing Departments take charge of the individuals as Civil Servants.

Having now set out, however inadequately, the structure of the

Management of Government Office Staffs

staff organization of the Civil Service, it remains to explain how this vast and complicated machine is made to function under the control of the various employing Departments and the Treasury.

There must obviously be control and co-ordination. There must at the same time be discretion, and there must be a particular as opposed to a general responsibility. It would not do for the Head of a Department to be in a position to set up for the performance of his work an organization which bore no relation to other organizations for similar work, and it would be equally impossible for the Head of a Department to carry out his duties without an internal control of his own organization, such as to enable him to dispose his forces according to his necessity. If he is to have responsibility, he must also have discretion. He must have powers of discipline and promotion, of adjustment, of increase or decrease.

The general control of the Civil Service is vested in the Treasury. The Treasury decide, almost invariably on the recommendation of the Department concerned, what classes of Staff can be employed in a particular Department for a particular piece of work; what numbers are suitable, of what grades, and in what proportions. They decide further the general conditions of employment of each Civil Servant—the manner in which he may be remunerated or reimbursed in respect of necessary expenditure incurred on public business; he granted leave of absence for holiday purposes, or in respect of sickness or special contingency; may be permitted to retire and receive retiring gratuity and pension; pursue outside activities likely to affect his position as a Civil Servant; or publish any book or article, or contribute to discussions in the Press, relating to the business of his Department.

The principles upon which all these things are to be settled are set out in various documents which are known either as Orders in Council or Treasury Circulars.

These general conditions, though they are laid down by the Treasury, are in the main applied, with the necessary discretion, by the employing Department. The Treasury control over the individual is exercised through his Department, and not direct. The Civil Servant who, for example, is convicted in a Court of Law is not sent for by an official of the Treasury and told that, pending investigation, he must be suspended from duty. He receives this gratifying intelligence from the Head of his Department. Similarly, all decisions affecting him are brought to his notice by his own Department, though they may emanate from the Treasury.

The Order in Council of the 10th January, 1910, which has been modified from time to time, is the main document embodying the conditions under which a Civil Servant is appointed and employed. It made provision for testing, according to fixed rules, the qualifications of persons seeking appointment in the Civil Service, and for regulating

Public Administration

the conduct of His Majesty's Civil Establishments and the conditions of service therein. It is from this Order, as amended by subsequent Orders in Council, that the Civil Service Commission have their authority to hold examinations for entry into the various classes of the Civil Service, and to issue certificates of qualification, without which no person can, generally speaking, be appointed to an established post in the Civil Service.

The Order in Council of 1910, besides laying down the scales of salary and the amount of annual leave for the various classes, prescribed in considerable detail rules relating to conditions of service. It dealt with hours of attendance, age of retirement, candidature of Civil Servants for Parliament, active participation in commercial and other "outside" pursuits likely to affect the officer's attendance or efficiency in the Public Service, the conditions under which annual increments might be granted, the conditions of sick leave and even the daily signature of the attendance book.

By a subsequent Order in Council, dated 22nd July, 1920, the Treasury were given power to make regulations for controlling the conduct of His Majesty's Civil Establishments and for providing for the classification, remuneration and other conditions of service of all persons employed therein.

It will be seen that the general effect of this system of control is to fasten responsibility upon the Head of the employing Department; and it may be of interest to examine the way in which, in a large Department, this responsibility is exercised.

The Head of a Department is responsible, first of all, for carrying out the duties devolved upon him by the Government of the day, acting through the Minister accredited to his Department, and subject to the limits of policy laid down by the Minister.

He does this, in the main, by dividing up those duties into convenient groups of subjects or branches of subjects, and entrusting these to Heads of Branches (here called "Branches" to distinguish them from the Headship of the "Department").

In all this organization the doctrine is the doctrine of devolved discretion with no devolving of responsibility. The Head of the Department accepts responsibility for all the acts of his officers, and while, in the exercise of his function, he may allow large freedom of action and wide discretion to his subordinates, he must be answerable to his Minister, who, in his turn, is answerable to Parliament for all that takes place in his Department. There is, of course, the reserved right of dealing with the particular officer whose discretion may be proved at fault, but the responsibility for what is wrongly or improperly done rests with the Head.

Through the Establishments Branch, the Head of the Department

Management of Government Office Staffs

satisfies himself that he has adequate—but no more than adequate—Staff for the performance of his work ; that it is suitable, qualified and properly remunerated. With the aid of the Establishments Branch he administers discipline, and on its advice, and with the assistance of Promotions Panels, he decides promotions. The Establishments Branch is responsible for ensuring that Staff is not wasted, and that processes of work are as simple and economical as they can be made. It is further responsible for the accommodation and general welfare of the Staff and for the provision of such services as Typists, Messengers, heating, lighting, transport, etc., and is the link between the Department and the representatives of the Staff on all questions. In the latter connection, the Establishments Branch is specially concerned with the conduct of business of the Departmental Whitley Council.

It should here be stated that the management of Office Staff in the Civil Service has been notably affected by the introduction of Whitley Councils into the Government Service, and it is necessary to give some account of the formation of these Councils and the way in which they function.

In March, 1917, the Committee on Relations between Employers and Employed, commonly known as the Whitley Committee, had recommended the formation of Joint Industrial Councils, composed of representatives of employers and employed in the various industries, to secure greater co-operation between the two sides in matters affecting the industry. The Government of the day took early steps to apply these recommendations to the Civil Service, and, after a series of conferences of representatives of Staff Associations and the appointment of a provisional Joint Committee representing, in equal numbers, Government Departments and Civil Service Staff Associations, definite proposals had been framed in May, 1919, for the constitution of (1) a National Council ; (2) Departmental Councils ; and (3) District and Office (or Works) Committees. The National Council was set up and met for the first time on 23rd July, 1919, and the establishment of Departmental Councils followed immediately.

The objects of the National Council included the provision of the best means for utilizing the ideas and experience of the Staff, the determination of the general principles governing the conditions of service, the encouragement of further education of the Staff, the improvement of office machinery and organization, and so on. The Departmental Councils had similar functions within Departmental limits. It is, therefore, clear that questions affecting the management of Office Staffs were, from that time onward, to be discussed continuously between the responsible officials and the Staff concerned. Briefly, it may be said that any questions affecting the conditions under which the Staff work are discussed first of all on the appropriate Whitley Council.

The National Whitley Council for the Civil Service deals with all

Public Administration

questions which affect the Service generally, while the Departmental Councils deal with questions affecting individual Departments. Furthermore, in certain Departments such as the Ministry of Labour, whose organization extends throughout the country, District Committees are established which deal with questions of local importance only.

The result of a discussion on a Whitley Council may be agreement on the course proposed by either side, in which case effect is given to the agreement by the issue of suitable instructions. There may be discussions which do not reach any definite conclusion ; and there may be discussions where disagreement is reached. In cases where disagreement is reached on any course proposed, the Head of the Department has to consider whether, in the exercise of his discretion and responsibility, he will take executive action despite the disagreement of the Staff Side. His responsibility for the conduct of the Department is not, in any sense, impaired by the fact that he discusses with the Staff Side any proposals affecting them before putting them into effect.

Both the National Whitley Council and the Departmental Whitley Council, in order to carry out their functions, make free use of the system of either Standing Committees or *ad hoc* Committees suitable for the discussion of the subject in hand. For example, a Committee of the National Council framed the principles on which promotions are to be made, another Committee framed the Reorganization Scheme under which the Civil Service is now organized, and other Committees have dealt with such questions as the scale of travelling and subsistence allowances, the conditions of service of Temporary Staff, and so on.

In the same way Committees of Departmental Councils have, within the limits laid down by the national settlements, framed proposals on these and similar matters.

It should be particularly noted that one of the objects of the Councils is to make provision for the best means of utilizing the ideas and experience of the Staff. In some Departments there are Standing Committees where any idea for the improvement of office machinery which occurs to any member of the Staff can be discussed jointly between the two sides ; and in this sense the Staff have been given a voice, not only in settling their own conditions of service, but in advising on the best manner of carrying out the work they have to perform.

It is not necessary to record, as such, the various decisions affecting the Staff which have been reached as the result of discussion between the Official and Staff Sides of the various Councils. It should, however, be noted that the atmosphere of Whitley Council discussion has influenced, or is liable at any time to influence, all or any of the questions of management which are discussed in this paper.

The application of the general Civil Service rules or Departmental rules to the case of any individual officer rests with the employing Depart-

Management of Government Office Staffs

ment which, in this connection, normally issues to all its officials, whether permanent or temporary, a handbook detailing the principal Staff Rules in force within the Department for the time being.

Probation.—Immediately upon appointment each officer is subjected to a period of probation, normally of one or two years, before he is admitted in the full sense within the ranks of the permanent established Civil Servants. This probation is not lightly regarded, and should an officer, during that period, be found unsatisfactory in any respect, it is open to the Head of the Department either to dismiss him or to extend the probationary period until his efficiency is assured.

The system of open competitive examination has proved, on the whole, to be the most advantageous system of recruitment, but it is necessary, in addition, to have a probation period, in order to ensure that people who have merely the examination sense, but have not practical aptitude for Government work, are eliminated by practical test from the Government machine, as soon as deficiencies are discovered.

Training.—Every assistance is given by the Department to ensure that the newly-appointed officer is enabled to reach an adequate degree of efficiency as early as possible. With this point in view, it is not infrequently the custom to place him in some Branch where he will, at an early stage of his career, be able to gain a knowledge of the general organization and the methods and scope of work of the Department as a whole. Thus, on first appointment, an officer may be placed for a period in the Registry, where there will be continually passing through his hands papers relating to the work of all the Branches. Elsewhere, again, a policy is adopted of rotation of duties, so that, after serving in one Branch a sufficient time to allow him to acquire a detailed knowledge of its work, an officer may be transferred to other duties, thus in time gaining an intimate experience of the work of a number of Branches within his Department.

Increments.—Recognition of the officer's increasing value arising from his experience is provided through a system of annual increments, based on the recommendation of the Head of the Branch in which the officer is serving that his work and conduct during the previous twelve months have given satisfaction.

In one of the reorganized classes, viz. the Clerical Class, there has been continued from earlier days the principle of an "efficiency bar," beyond which members of the class may not be allowed to proceed without a special certificate of competence to discharge the highest duties of that class. In the case of male Clerks, this is fixed at £180, and in the case of women at £135.

HEALTH AND WELFARE

Annual Leave.—In order to maintain the officer's efficiency and to ensure him adequate bodily and mental recreation, carefully devised rules

Public Administration

have been drawn up, applicable to the various grades of the Civil Service. The present allowances of annual leave are based on the recommendations of the Whitley Council Reorganization Committee, and vary according to the status and length of service of the individual.

The grant of annual leave at any particular time must always be subject to the requirements of the Service, and such leave is liable to total suspension during periods of exceptional pressure of work.

Sick Leave.—Sick leave, with or without pay, may also be granted in accordance with well-defined rules, on the production of appropriate evidence as to illness.

Further Education, Recreation, etc. — By arrangement with the London County Council and other educational authorities, special classes are formed in the interests of Civil Servants, for instruction in vocational and non-vocational subjects. The syllabuses laid down cover a wide range, from such subjects of instruction as accounting, statistics, public organization and foreign languages, to those of a more liberal interest, such as appreciation of music and art. A number of Departments have themselves arranged, from time to time, for the holding of courses of lectures on questions of interest to members of the Service, both allied and un-allied to their official work. The Civil Service as a whole, and many of the Government Departments, have formed Clubs for the pursuit of sports of various types, and alongside these as a recreational complement, have been formed numbers of orchestras, choirs, dramatic clubs and literary circles.

For the convenience of their Staffs most of the Departments have instituted on their premises luncheon clubs where their officers may obtain lunches and other light refreshments at reasonable prices.

PROMOTION

As the question of promotion to higher posts in the Civil Service is to be dealt with in another paper, it is not proposed to consider it at length here. It may be well, however, to say that the principles of promotion and the methods of selection for promotion are based on an agreed report of a Committee of the National Whitley Council. The main principle is that the consideration ruling all promotions is the advancement of the efficiency of the public service, and that this can only be secured by determining promotions on the ground of fitness. In promotions to posts of which the work is of a routine character, however, seniority is allowed more weight than in the case of promotions where greater responsibilities and initiative are involved. The various Government Departments have elaborated methods of applying this principle in the way most suitable to the peculiar needs of each Department. The following procedure, however, is general throughout the Service, and is based on the National Promotion Committee's report.

Management of Government Office Staffs

An annual report is rendered on all permanent officers whose salaries do not exceed £700 a year. The form of the annual report provides for marking an officer above average of his grade, average of his grade, or below average of his grade, in the following qualities. (1) Knowledge of Branch and of Department; (2) Personality and force of character; (3) Judgment; (4) Power of taking responsibility; (5) Initiative; (6) Accuracy; (7) Address and tact; (8) Power of supervising Staff; (9) Zeal; and (10) Official conduct. These annual reports are intended to form the basis of selection for promotion, though, as the system has been in operation for only two or three years, it is not yet possible to rely entirely upon annual reports when making selections for promotion, and it is usual to obtain recommendations from superior officers whenever vacancies have to be filled by promotion.

In large Departments, where it is impossible for the Head of the Department to be familiar with the qualities of every member of it, Promotion Boards are appointed by the Head of the Department, consisting of, as a rule, the Principal Establishment Officer, the Head of the Sub-department in which the vacancy occurs, and one or more other Departmental Officers of experience and standing. The Boards call for any evidence they require, and frequently they interview all the candidates who have been recommended for promotion and whose cases are placed before them. Representatives of the Staff are allowed to attend before the Promotion Board to make representations on matters of principle and procedure. The Promotion Board makes its recommendation to the Head of the Department, who then proceeds to make the promotion. Any officer who feels aggrieved at having been passed over, is entitled to appeal to the Head of the Department for reconsideration of his case.

Generally speaking, the normal avenues of promotion are to higher posts within the same main class of the Civil Service, though provision is made for lateral promotion from one class to another, e.g. from the Executive or Clerical Classes to the Administrative Class; from the Clerical Class to the Executive Class; and from the Writing Assistant, Typists and Shorthand-Typists Classes to the Clerical Class. Any vacancy to be filled by promotion is circulated beforehand, so that all officers affected may be aware of it.

From the point of view of the management of Office Staff the important aspect of the promotions procedure is that the Staff have every opportunity (1) of knowing what promotions are to take place; (2) of knowing that the recommendations made to the Head of the Department will not be based solely on a single judgment, but on the judgment of a responsible Board of senior officers; and (3) of appealing even after the full application of the ordinary promotions procedure.

Discipline.—The common rule in the Civil Service is that any adverse report on an officer is communicated to him before action is

Public Administration

taken thereon, in order that he may have the fullest possible opportunity of rebutting criticisms which have been made against him. Should the disciplinary issue be of a serious character, the case will be fully reported by the Head of the Branch in which he is employed to the Head of the Establishments Branch, for submission, with his recommendations, to the Head of the Department, who will make a final judgment.

Retirement and Retiring Allowances.—It is within the competence of the Head of Department to call upon any officer serving under him to retire at any time after reaching the age of 60. Retirement is normally compulsory for every officer on attaining his 65th birthday, and the officer himself can, subject to the convenience of the public service, elect to retire at any time after reaching the age of 60.

On leaving the Service, certain allowances may be made to Civil Servants, by way of pension and gratuity. No officer is eligible for pension unless admitted to the permanent Civil Service with a Civil Service Certificate and required to give his whole time to his official duties. Subject to these conditions, pensions may be granted to officers who retire on the ground of age or permanent infirmity of mind or body, the minimum period of service qualifying for pension being ten years.

Appeal to Head of Department.—Every officer has the right of appeal, through the appropriate channels, to the Head of his Department on any matter affecting his position. Attempts to secure outside influence are, however, prohibited.

EFFICIENCY AND OUTPUT

Generally speaking, the work that falls to be performed by officers of a Government Department is not susceptible to accurate measurement as to quantity, and, accordingly, the amount of Staff required in any Branch of a Department is generally a matter for settlement on the basis of detailed investigation. The main method of controlling the amount of Staff required is that of inspection, which is usually undertaken by the Establishments Branch. There are, however, certain large pieces of administration which lend themselves more readily to an attempt at accurate measurement. Instances that occur to the mind will be those of the General Post Office and of the Employment Exchanges in the Ministry of Labour. In each of these Departments there is a large number of operations recurring on a vast scale, and in both Departments it has been found possible to apply a system of more or less accurate measurement. Briefly, the system is to calculate the amount of time which should be taken on each of the operations performed, and then, by adding up the number of operations of each kind actually performed over any given period, an estimate can be framed of the amount of time required to do the whole work of the office. From this can be deduced the number

Management of Government Office Staffs

of Staff required in that particular office, though it cannot be scientifically accurate. It can only serve as a pointer to show the controlling officers where an investigation is necessary to see whether the Staff conforms with requirements or not. No attempt is made to regulate the number of Staff automatically by the figure arrived at under the measurement system. Individual circumstances of offices must vary, and accordingly the final decision as to the amount of Staff required in any particular office must be taken as a result of very careful inspection by the controlling officers. The measurement systems are, however, a great assistance to the controlling officers in carrying out their inspections and in reaching a decision.

A detailed scheme has been devised for estimating the output of, and time occupied on, shorthand typing and copying work, which serves as a test of the individual typist's capacity, and indicates the volume of work transacted for the various services within the Department, and the difficulties connected with the execution of the requirements of each.

In certain Government Departments, separate typing pools are maintained to deal with the work of each of the several Branches of the Department. These are grouped according to the nature of the work or local situation of the Branches concerned, under the charge of various grades of supervisors. The head of each pool maintains periodical records showing, in respect of each typist under her charge, an accurate record of the volume of work done, based either on the number of lines typed or, where such method of calculation cannot be applied, of the time spent upon the work in hand. So far as possible, shorthand work is kept distinct from the ordinary typing work, though Shorthand Typists are always held to be available for copying work, as and when required. It will be seen that these returns furnish the Controller of Typists with concise and accurate information regarding the volume of work in hand in any one of the groups under her charge, and the necessity from time to time of loaning Staff temporarily to cope with any surplus that may arise.

Of late years, considerable attention has been paid by the Treasury, in conjunction with the various Government Departments, to making use, wherever possible, of mechanical appliances capable of performing work of a routine nature. Such machines as the Roneo Duplicator, Computing machines and Adding machines, as well as the highly specialized machines used in the Census Office for the marking and sorting of cards in connection with the decennial census, come readily to mind. Their employment has now come to be regarded as valuable, not only from the point of view of expedition of work, but also for eliminating, in the interests of the Staff, the personal handling of repetition work of a soul-destroying nature.

Public Administration

ARBITRATION

In the foregoing, an attempt has been made to afford a broad conspectus of methods of management of Government Office Staffs, the conditions under which they serve, and the bearing which the adoption of Whitley procedure in the Service has had both on management and on the application of conditions of employment. Like any other Joint Council of this nature, the National and Departmental Whitley Councils do not claim to provide a sovereign remedy for the cure of every complaint; and the principle has now been accepted of reference to arbitration, in the same way as Industrial Councils have recourse to arbitration, of matters on which agreement cannot be reached within the Councils themselves. Broadly speaking, the Court may deal with claims from classes of officers whose salary, exclusive of bonus, does not exceed £700 per annum; and it may determine questions affecting the emoluments (that is to say the pay, bonus, overtime rates and travelling and subsistence rates), the weekly hours of work and leave of classes of Civil Servants within the agreement.

The Government is pledged to carry out the awards of the Court, subject only to the overriding authority of Parliament.

MANAGERIAL CONTROL AND PUBLIC OPINION

As compared with other undertakings and services, public and private, National Departments of State hold a peculiar position in relation to those in whose interests they are created.

The directors of an ordinary commercial concern are responsible to the shareholders, and to them alone; a municipal authority is responsible to the ratepayers; but in the case of a Government Department, the whole of the taxpayers of the country are in the position of shareholders, and they contain within their ranks strongly organized bodies of every shade of political and economic opinion.

In matters of Staff control and office management, Departments of State are expected to be model employers, while at the same time safeguarding to the full the position of taxpayer who has to meet the bill. If a Government Department imposes harsh or inequitable conditions of employment on its servants, or if the office machine does not function smoothly and efficiently, the responsible Minister is subject to a fire of Parliamentary question and criticism. The community at large is ever on the watch for instances of waste, extravagance or inefficiency in Governmental administration, and the fierce searchlight of the public Press is ever ready to bring into relief any weakness in the structure. So long as criticism is informed and constructive, this is all to the good, but it will be realized that responsible Heads of Departments have no

Management of Government Office Staffs

easy task in piloting a vast and complicated governmental machine through a sometimes turbulent sea of conflicting forces in which dangerous and uncharted rocks abound. The complex nature of modern civilization involves complexity in Government administration; and the business of Government increasingly requires close study, a high degree of technique, and the constant readaptation of administrative method. It is the duty of the Civil Servant to see that the necessary knowledge and initiative are forthcoming, in order that such readaptation may be carried out as smoothly and efficiently as possible. One of the elements in this task has been touched upon in this paper, and it is hoped that, by consideration of the matters raised, and by a comparison with the methods adopted by public authorities and commercial houses, valuable points of guidance will emerge, which will help the Civil Servant to perform his tasks to the satisfaction and well-being of the community he serves.

APPENDIX

The present organization of Staff of the Civil Service was determined by the Reorganization Committee, appointed as a result of a recommendation at the second meeting of the National Whitley Council for the Civil Service.

It began its labours in November, 1919, with the following terms of reference:

"To consider the scope of the duties at present allotted to the Clerical Classes in the Civil Service; to report on the organization most appropriate to secure the effective performance of those duties; and to make recommendations as to scales of salary and method of recruitment."

The Committee reported in February, 1920, and the organization which they recommended, and which was adopted and put into practice, was based on three main Classes:

- (i) The Administrative Class.
- (ii) The Executive Class.
- (iii) The Clerical Class.

It was further recommended that these Classes should be recruited by open competitive examination (except as regards the admission of women to the Administrative and Executive Classes.)¹ The examination for the Administrative Class was designed to attract to the Service men who had taken Honours courses at University institutions. The syllabus of the Executive Class examination was to be framed with reference to the standard of development reached at the end of the secondary school course, and the Clerical Class to the end of the intermediate stage of the secondary school course. The age limits for each examination were fixed accordingly.

Administrative.—Broadly speaking, the Administrative Class comprises all those who take part in the formation and alteration of policy and the improvement of Government machinery, and have charge, within their Department, of the functions of control and management.

It is organized in tiers, of which the lowest is the Assistant Principal on a

¹ Since the date of the Report, two common examinations for men and women have been instituted for Administrative Class posts.

Public Administration

scale of salary rising annually from £200 to £500.¹ The next tier is the Principal, whose scale of salary is £700 to £900 per annum, and above him are the highest posts in the Departments beginning with the Assistant Secretary on the scale £1,000-£1,200 and rising through Principal Assistant Secretary (£1,200-£1,500) to posts at £2,200 (the Head of a Second Class Department of State) and £3,000 for the Permanent Secretary of the larger Departments. Naturally the flow of promotion from tier to tier slows as progress continues towards the highest posts.

Women have access, equally with men, to the Administrative Class, and the higher posts are also open to them. Their scales of salary for the various grades are somewhat lower than those mentioned herein which are applicable to men. The same considerations apply generally to other Classes mentioned.

Executive.—The Executive Class is the class which was designed by the Committee to perform those functions which arise in the carrying out of already defined policy. Difficulties have arisen as to the precise delimitations of functions between Administrative and Executive, and instances exist where duties conforming more or less to the same type are regarded as Administrative in one Department and Executive in another.

There is, however, probably enough distinction in the *general* nature and scope of the duties in the two Departments to make the difference of view at least intelligible, if not logically conclusive.

In the main, the Executive Class is employed on those duties, such as Finance, Accounting and Statistics, which conform to certain fixed general principles and are not likely to be affected except in bulk by legislative enactments. The control of expenditure is Administrative, but the keeping and management of the Accounts is Executive work. The determination of the scope and purpose of Statistics is Administrative, but the compilation and presentation are Executive, and so on. The tiers in the Executive Class are (from the bottom):

Junior Executive . . .	£100-£400
Senior Executive . . .	£400-£500
	£550-£700
	£850-£1,000

Where posts above £1,000 exist they tend, in the larger Departments, to fall into line as regards scale with those in the higher grades of the Administrative Class, except that no purely Executive officer rises as such to a point comparable with the Headship of a Department. The theory governing the higher posts in Statistics and Finance is that the principal Finance or Statistical Officer has peculiar knowledge and experience which make it desirable that he should be called into council in the discussion of Administrative questions, before the higher decisions of policy are definitely formulated and taken.

Clerical Class.—The Clerical Class is the class which, by a process of elimination, is charged with those duties not devolving upon either of the two higher classes. Their work, in the main, comprises the handling of particular and straightforward cases or accounts, in accordance with clearly-defined instructions, the drafting of

¹ In all cases salaries here given are exclusive of Cost-of-Living bonus. The Cost-of-Living bonus is calculated as follows:—

On ordinary remuneration up to 35s. a week (£91 5s. a year) bonus represents a percentage increase equivalent to the average percentage increased cost of living figure so arrived at. As remuneration increases beyond this point, the bonus represents a diminishing percentage increase, until a remuneration of £2,000 a year is reached where no bonus is payable; and bonus is not payable at a rate which will raise the total remuneration above £2,000 a year.

Management of Government Office Staffs

simple correspondence, précis and returns. They may, in the language of the Reorganization Report, perform "all such work, as either is of a simple mechanical character or contained in the application of well-defined regulations, decisions and practice to particular cases."

Theoretically the duties of a Clerical Class Officer do not include the exercise of discretion, and this is perhaps a difficulty in the present scheme, since even in the discharge of comparatively simple functions in a vast organization such as the Public Service, the quality of discretion should not and cannot be wholly suppressed even in the case of junior officers. In practice, therefore, the Clerical Officer can and must exercise discretion and judgment in such matters as do not fall to be dealt with by an officer of one or other of the superior grades; and any organization which deprived him of all discretion would be bound to reduce the value of the largest class in the Service, by taking from it both the opportunities for the exercise of intelligence and the chances of progress, except on the most mechanical lines.

The scale of salary of the Clerical Officer is £60-£250, with an "Efficiency Bar" at £180.

Below the Clerical Class is a grade of Women Writing Assistants, whose function is to perform simple written work, such as the acknowledgment of incoming correspondence, the maintenance of card index systems, and the preparation of lists and schedules.

The organization of the Clerical Class within itself is comparatively simple. Where there is a mass of purely routine and mechanical work to be done, the Female Writing Assistant is employed and is supervised by Clerks.

The Clerks themselves are supervised by Higher Grade Clerks with a salary scale of £300-£400, and the number of clerks under the control of each supervisor is regulated largely by the quality of the work and the opportunities for error. In the broad, the number of Higher Grade Clerks is in the neighbourhood of 10 per cent. of the number of clerks. A Higher Grade Clerk undertakes the more responsible work of the Clerical Class, in addition to supervision; and "experienced officers of this class may be employed on higher individual work similar to that done by the junior grade of the Executive Class."

Above the £300-£400 posts is also a limited number of higher posts in the Clerical Class of £400-£500 and even beyond, where the numbers of the Clerical Class to be supervised are large, or where individual duties of a highly specialized type have to be performed, although still proper to the Clerical Class.

It is in the £300-£400 and higher Clerical gradings that the greatest degree of uncertainty and divergence appear in the organization.

Professional Civil Servants.—Outside the range of the duties already mentioned, there are those of the professional officers employed in connection with the Legal, Medical, Engineering, Architectural and other professional activities, arising in and in connection with the Government of the country. Their professional knowledge and experience are utilized by the administration in the conduct of the business of government, which has of late years shown marked development in relation to such problems as the health of the people and the scientific development of industry.

Departmental Classes.—These, then, are the main Classes and the more important functions with which the Civil Service reorganization scheme dealt. They answer the purposes of most of the Public Services, but they do not answer all. Cases have arisen where the general scheme of organization is not regarded as suitable to the particular requirements and circumstances of the work.

Thus the Inland Revenue Department have a special organization for the collection of Inland Revenue. The Customs and Excise Department similarly employ special grades for their work, as does also the Ministry of Labour for a variety

Public Administration

of its functions, e.g. the Administration of the Employment Exchange system. These classes, where they exist, are known as Departmental Classes.

The reasons for Departmental Classes vary, but in the main they exist because, first of all, the general organization does not fit, and secondly, because the requirements are not those in respect of which the general Civil Service examinations are devised to obtain recruits.

In general the Departmental Classes carry out a range of functions from the lower grade of clerical to the higher grade of Executive, but—again in general—the functions discharged partake of all natures at once. They do not shade off neatly, and the separate functions do not normally exist in sufficient bulk in any one place to justify the degree of sub-division possible elsewhere.

Shorthand Typists and Typists.—The Reorganization Committee allotted a special section of their Report to Shorthand Typists and Typists, whose work they recognize is intimately related to the work of the Clerical and Administrative Classes, but could not be suitably combined with that of any Clerical Class. The Committee proposed that, for the future, women Typists and Shorthand Typists should form two separate Classes, the one recruited by means of open competitive examination, and the other normally recruited by limited examination open to established Typists of not less than one year's service in a Government Department.

They also suggested the division of the service into the four following grades and salary-scales :

Typist	22s.-36s. per week.
Shorthand Typist	28s.-46s. per week.
Superintendent	£150-£180 per annum.
Chief Superintendents at higher salaries varying according to the responsibilities of the post.	

Management of Office Staffs (Municipal Authorities)

By W. H. WADDINGTON

Deputy Clerk of the London County Council

[Paper discussed at the Winter Conference of the Institute of Public Administration, February, 1927]

MY subject is the management of office staffs in relation to the work of a municipal authority, and I have been asked at short notice to deal with it more particularly from the point of view of the practice of the London County Council, and to confine my paper to administrative, professional, technical and clerical staffs.

It is clear that the efficiency of any code or scheme of management of staff must depend to a large extent upon the system of its recruitment and organisation, and I therefore postulate that the staff to be considered has been :

- (1) Recruited under a satisfactory system.
- (2) Divided among departments each with a responsible head.
- (3) Arranged in suitable classes or grades with scales of salary based on value of work.

I understand that the problem of the best method of securing the promotion of efficient officers will be specially considered at another meeting, and I will only therefore say at this stage that the London County Council recognises the principle of a fixed establishment, which is reviewed annually, and under which officers are dependent for promotion upon vacancies falling in existing positions or in additional positions created in consequence of expansion or readjustment of work, with merit as the guiding principle.

After a local authority has constituted its departments, what steps should it take to secure efficiency? It must obviously determine the questions of general application which are reserved to itself or its Committees, and embody the decisions thereon in a code, so that they may be observed by chief officers in managing their departments. The London County Council during its period of existence of nearly forty years has found it desirable to make standing orders, regulations and rules on a large number of questions affecting the staff, and many of these are intended to secure equality of treatment under similar circumstances throughout the service. They are the result of experience drawn from all departments and all Committees having direction of staff. Their codification, interpretation and revision is one of the duties of the Clerk

Public Administration

of the Council, and each chief officer is responsible for giving effect to them so far as the staff of his department is concerned.

My subject can therefore be conveniently dealt with under two main heads, control by the Council, and management within departments.

I. CONTROL BY THE COUNCIL

The Council's standing orders first provide :

The head of each department shall report to the Establishment or other Committee concerned upon all questions relating to the appointment, pay, duties, promotion, superannuation, conduct and dismissal of the members of the staff of his department.

The head of each department shall be responsible to the Council for the management and discipline of his department and shall report every quarter to the Establishment or other Committee concerned any cases of misconduct or neglect of duty.

Reports under the first of these standing orders are accompanied by reports by the Clerk of the Council, who gives the Committees the benefit of his advice derived from his experience of staff matters, ranging over all the services of the Council, and thus assists in securing co-ordination and continuity of policy.

The second standing order is not intended to imply that any cases of misconduct or neglect of duty which arise shall only be dealt with once a quarter. Serious cases necessitating the decision of a Committee are reported forthwith, and the head of the department has authority to suspend an officer pending a decision.

It may be of interest here to quote two standing orders more particularly affecting heads of departments themselves :

The relationship of landlord and tenant shall not either directly or indirectly be created or allowed to exist between any employees of the Council who are in any way responsible for each other's appointment, pay, promotion or dismissal.

When any family relation exists between the head of any department of the Council's service and any officer or employee appointed in or allocated to that department, or any candidate for appointment to or employment in that department, or where any officer or employee becomes after appointment connected by marriage with the head of his department, such relation shall be notified by the head of the department to the clerk of the Council, who shall keep a record thereof and report the fact to the committee concerned when any question affecting the appointment, promotion or increase of the salary of such officer or employee, or the appointment or employment of such candidate is under consideration by the committee.

I should not like it to be thought that the first of these standing orders is directed against any system of nepotism. It has occasionally happened that colleagues in the same department have become related by marriage, and that one has risen to a position of authority over another. Brothers also have chosen the Council's service for their career, entered by competitive examination, and been allocated or

Office Staffs (Municipal Authorities)

transferred to the same department. The standing order secures that the fact of relationship shall be made known at the proper time.

The questions affecting the management of staff on which the Council has made decisions of general application may be divided into two categories :

- A.—Those concerning the relations of the staff with the members of the Council.
- B.—Those intended to secure equality of treatment of staff in all departments.

A.—Relations between the Staff and Members of the Council

Distinction between Functions.—The Council has always endeavoured to preserve a fundamental distinction between the functions of members and officers. When arranging for evidence to be given on its behalf before Royal Commissions, Departmental Committees and other bodies, it is the Council's practice to limit the evidence of officers to facts or in appropriate cases purely technical opinions, members being entrusted with evidence on policy. No officer, teacher or other person employed by the Council is permitted to accept the position of manager or member of a Committee of any school or institute aided or maintained by the Council or provided by it under the Education Act, 1921, within or without the county. It is true that for consultative purposes there are cases in which members and officers, especially teachers, may be associated on Committees, but such Committees have no statutory position.

In recent years the development of Whitley Joint Councils and Committees has raised a question of some difficulty. Members of the Council appointed on such bodies have found themselves at a disadvantage unless accompanied by responsible officers from whom they could obtain advice and assistance. The Council has therefore considered it desirable in several cases to appoint officers as well as members to serve thereon, and in more than one case in which it is entitled to only one representative, it has appointed an officer. Persons so appointed have at times to deal with situations in which rapid decisions are needed, and the Council has empowered them to act on their own judgment upon the questions which come before them, without necessarily regarding views or opinions which might bind them if acting in the capacity of delegates. An officer of the Council representing it on a Whitley Council may therefore be in a position in which he thinks it right to agree to a proposal which will virtually, though not legally, commit the Council to considerable expenditure.

Attendance at Party Meeting.—Another standing order made many years ago is in the following terms :

No officer of the Council is to attend any meeting of Councillors other than the authorised Committees of the Council.

Public Administration

This is not, of course, interpreted to preclude officers from attending conferences on official matters in the ordinary course of business, but is directed against attendance at anything in the nature of party meetings.

Personal Appeal to Members.—Officers and employees are prohibited from making personal appeals, written or oral, direct or indirect, to individual members of the Council, and any such personal appeal is held to be a breach of discipline. An officer or employee desirous of bringing under the notice of the Council a matter concerning himself or his position must do so through the head of his department.

The rights of associations representing the staff to approach Committees of the Council, and of individual officers to appeal to the appropriate Committee will be referred to later.

Prohibitions are, however, by no means confined to officers. Safeguards are provided against the exercise of undue influence by members. Thus :

Members not to be Eligible for Appointments.—No person shall be allowed to be a candidate for any office or situation in the gift or appointment of the Council who is a member of the Council, or who has been so within twelve calendar months of the date of the vacancy. This shall not apply to either of the offices of chairman, vice-chairman or deputy-chairman.

Personal Canvassing Prohibited.—Applicants for employment under the Council shall not in any case or under any circumstances canvass members of the Council or of any committee or of any body of managers or of any managing or advisory committee or ask from them letters of introduction or recommendation. To canvass a member or to obtain from him a letter of introduction or recommendation to any officer of the Council shall be held to disqualify an applicant.

The last-mentioned standing order has been held not to disqualify a candidate if he sends to every member of the Council a statement of his qualifications and experience, but if he wishes to do so, he is usually informed that such a course serves no useful purpose.

Communications to Outside Authorities, etc.—The channel of communication between Committees and outside persons and authorities is clearly indicated by standing order as follows :

No Committee shall communicate with any outside person or authority except through the officer of the Council duly authorised for the purpose.

Other standing orders provide that correspondence necessitated by decisions of the Council or its Committees is to be conducted by the Clerk of the Council, except that the Education officer and chief officer of the Mental Hospitals Department are authorised to conduct certain correspondence, as they are also the Committee clerks of the Education Committee and Mental Hospitals Committees respectively.

Joint Committee of Staff and Members.—I must not conclude this section without referring to the arrangements made for the joint discussion by members of the Council and representatives of the staff of

Office Staffs (Municipal Authorities)

matters relating to (i) the recruitment, general classification and general regulations in regard to discipline and promotion, and (ii) the remuneration, superannuation and other conditions of service of permanent administrative, technical and clerical staff. Shortly after the war a Joint Committee of an interim nature was set up and dealt only with the revision of pre-war scales of salary and the cost of living bonus. The Council has recently, in agreement with the Staff Association, decided to constitute a Joint Committee for the purposes referred to in (i) and (ii) above. Questions of personal discipline, promotion and efficiency are excluded from their purview. If the Joint Committee do not agree, provision is made for appeal in the case of (i) to a Special Committee consisting only of members of the Council, and in the case of (ii) to a Committee consisting of one representative of the Council and one representative of the staff and a chairman agreed upon by these two representatives. The decision of such Committees is to be final and binding.

B.—Regulations Intended to Secure Equality of Treatment of Staff in All Departments

Hours of Work and Punctuality of Attendance.—Office hours are of course prescribed, and with few exceptions the staff are required to sign attendance sheets showing the time of arrival and departure. Five minutes' grace is allowed to subordinate officers and about a quarter of an hour's grace to those in the higher grades. Late arrivals certified at the time to be due to illness, fogs and breakdown of passenger vehicles are not recorded. Repeated unpunctuality is regarded seriously, and if persisted in after warning may and has in more than one case involved the termination of engagement. Due weight is given to the reasons for late attendance.

Conduct and Efficiency.—The first year of service is on probation, and the engagement may be terminated at any time during that period. Before the appointment is confirmed the head of the department must report not only on the conduct of the officer, but whether his abilities justify his continuance in the service. Every increment of salary is subject to a certificate by the head of the department that the conduct, work and general efficiency of the officer have during the year been in all respects satisfactory.

Holidays.—The regulations on this subject are intended to secure;

- (i) That staff of the same grade in whatever department employed receive the same scale.
- (ii) That the bulk of the leave is taken, if possible, in the summer time, and so as to meet the convenience of the service.

Opinions may differ as to the extent to which the minimum number

Public Administration

of days' leave should be increased in consideration of (a) higher status, (b) length of service.

The latter ground may be supported by the argument that the real reason for a paid holiday is the maintenance of efficiency, and that all officers probably need for the benefit of their health a longer holiday after a substantial period of service. It is, of course, possible to recognise both grounds. At present the Council recognises the first to a limited extent, but the whole question is shortly to be considered by the Joint Committee of members of the Council and representatives of the staff.

Permission for staff to take Saturday off on a rota system has of recent years become an established practice in many business houses. This question will also, no doubt, be considered by the Joint Committee.

Special Leave.—(i) *For Improving Efficiency.*—Leave not exceeding six months with pay may be granted after ten years' service for this purpose. I can only recall one or two applications, and one only in which leave was granted. Advantage is, however, frequently taken of a special regulation applying only to medical officers at the mental hospitals, allowing leave with pay for medical instruction with a view to improving their qualifications.

(ii) *For Public Duties.*—Officers have from time to time applied for leave to fulfil public duties involved by their holding important positions such as that of Justice of the Peace or Mayor. A rule on this subject provides for reasonable facilities at the discretion of a Committee on their being satisfied that there will be no detriment to the service. Similar provisions apply to leave for trade union conferences and for representatives of the staff to attend meetings of Joint Industrial Councils and other Whitley bodies dealing with questions affecting the Council's service. Usually the time lost must be made up or the leave must be without pay, but in the case of Whitley Councils and Committees this condition is not imposed if the organisations represented are confined to the Council's staff.

As regards election to Parliament, the legal position is that no member of the staff can remain in the Council's employment if he becomes a Member of Parliament. The Council, however, allows an officer who is a candidate for election to Parliament leave of absence without pay for such period as may be required by him or her between the day of nomination and the day of polling, inclusive. In the case of local elections leave of absence without pay is granted on the day of polling only.

It is thus evident that the Council does not prohibit its officers from offering themselves for election as members of public authorities and thus engaging in political activities. I do not propose to discuss the controversial question whether it is in the public interest or to the detriment of the service that they should do so.

(iii) *For Training with the Volunteer Reserve and Territorial Forces.*—

Office Staffs (Municipal Authorities)

A scale of extra leave for annual training is prescribed, partly with and partly without pay.

(iv) *For Particular Occasions.*—These include weddings, serious illness, deaths and funerals of near relatives. The amount of leave is limited and the nearness of relationship defined. The proverbial aunt does not appear in the list.

Temporary staff are not treated as favourably as permanent staff, and as regards both, all leave granted has to be reported periodically to a Committee.

(v) *For Inter-Departmental or Inter-Authority Competitions.*—An occasional afternoon's leave is allowed, but this also has to be reported and its extent is thus kept under control.

Sick Leave.—Full pay for illness certified, if it continues beyond two days, by medical certificate is allowed to central office staff for a reasonable period at the discretion of a Committee. The Clerk of the Council scrutinises all cases and endeavours to secure equal treatment. Special extensions are allowed for tuberculosis with the hope of assisting recovery. Length of service is to some extent taken into account. The advice of the Council's Medical Examiner is obtained if the illness lasts for (say) a month.

In cases of large blocks of staff, such as teachers, it has been found necessary to prescribe scales of sick pay based on length of service. Temporary assistants are also dealt with according to a scale.

Overtime is paid for *pro rata* if it exceeds half an hour, but only to junior grades paid at weekly rates. A small refreshment allowance (1s. 6d.) is allowed, on the certificate of the Clerk of the Council, to salaried officers kept two hours beyond office hours. Periodical reports are made to Committee of the amount of overtime and refreshment allowances, and heads of departments have specially to justify any cases in which individuals have prolonged overtime.

Responsible officers only can sanction overtime, and staff detained on routine work must be in charge of an administrative officer.

Acceleration.—Officers may, on the recommendation of a Committee, be accelerated on a scale of salary for exceptional merit. The amount of acceleration must not normally exceed one year's increment.

Personal Allowances for outstanding ability are granted by the Council in exceptional cases. The Clerk of the Council brings into conference two other chief officers when considering recommendations.

Special Duty Pay of specific amounts according to status may be granted at an annual review to officers on the ground of special work or increased responsibility, and, as regards certain grades, for overtime exceeding 200 hours in the year.

Heads of departments select and report to Committee on the cases, which are reviewed by the Clerk of the Council who also advises the

Public Administration

Committee upon them. Recurrent grants to the same individual are strongly discouraged, and heads of departments are enjoined to endeavour to distribute evenly among able officers work calling for special recognition.

The assessment and even treatment of cases is a very troublesome matter, and I should welcome expressions of opinion on the best method of recognising extra responsibility and special work, as well as on the respective merits or demerits of payment for overtime and special duty pay.

Appeals.—In the management of a large staff, adequate machinery for the ventilation of grievances provides a necessary safety-valve.

The questions which arise may concern :

- (i) The staff generally or a group or section of its members.
- (ii) Individuals.

The former are provided for in the following standing order :

Any body or association representing the staff or any section of the staff shall have the right, at the request of any members of such staff or section thereof, to appear before and be heard by the appropriate committee of the Council on any general question affecting the persons they represent.

As regards the latter I have already pointed out that personal appeals to individual members of the Council are held to be breaches of discipline, but the Council has drawn up a series of standing orders and rules under which officers on the permanent staff have the right of appeal to a Special Committee with regard to any accusation, proposal or decision by the heads of their respective departments which affects, or may affect, their position in the service, whether or not embodied in a report to a Committee. If it is so embodied, the report and the concurrent report by the Clerk of the Council thereon have to be shown to the officer and initialled by him, and if he endorses the reports "I appeal," the matter comes before the Special Committee. The officer may have a friend to conduct his case. Questions of promotion and efficiency are excluded, as the Council considers that the comparative merits of officers and their efficiency cannot properly be assessed by a Committee, and that the heads of departments must be the best judges. The question whether any case involves criminal proceedings must also be disposed of before any appeal can arise.

The procedure before the Special Committee carefully safeguards the officers. If additional charges are brought up the case must be adjourned, and the same course is necessary if any Committee propose to take more unfavourable action than that recommended by the head of the department.

On matters which are not the subjects of the appeal procedure, it is open to an officer to ask to be seen by the appropriate Committee,

Office Staffs (Municipal Authorities)

and I do not remember any case in which such a request has been refused.

Appeals are infrequent, but great importance is none the less attached to the right, and the question whether any further improvement in the arrangements can be secured is to be considered by the Joint Committee of members and staff already mentioned.

Individual records kept in relation to any officer must be shown to and initialled by him. They are defined as :

Any document containing any comment, either favourable or adverse, upon the work, conduct or efficiency of an officer of the Council, and "document" means and includes (i) a copy of every report or the pertinent part of the report to a Committee of the Council, and (ii) every note which is made by a head of a department, or by his subordinates, if not destroyed immediately after perusal by the senior officer receiving it. Provided that in cases in which there are good grounds for suspecting that the officer's condition of health is a contributing cause to an unfavourable note or report, the note or report, if not shown to the officer, may be preserved until a medical report upon the case has been obtained.

Temporary staff have a right of appeal to the head of the department.

Another form of appeal is that allowed against the Medical Examiner's certificate of permanent incapacity. Provision is made for examination by an independent medical referee agreed upon by the Medical Examiner and the medical adviser of the appellant, who may both submit reports to the referee. The officer is usually required to deposit a sum sufficient to cover all expenses, and such deposit is returned if the appeal is successful.

No appeal is permitted against the Medical Examiner's certificate as to a candidate's fitness for entry to the service. A woman candidate has a right to be examined by a woman medical assistant of the Medical Examiner.

Inventions and Patents.—Officers desirous of taking out patents for inventions, after obtaining provisional protection, must obtain permission from a Committee before taking further action. Regard is had to any facilities in originating, working out and perfecting the invention which the officer may have enjoyed by reason of his official position. It is usual to stipulate that the Council shall have the right to use the invention without payment of royalties. It is considered undesirable that officers whose duty it is to devise improvements or to examine and report upon the suggestions or inventions of others should take out patents.

Publication of Books or Articles.—This subject is dealt with by standing order as follows :

No person employed by the Council in any capacity or for any length of time whatever shall publish, or authorise the publication of, any book written by him either wholly or in collaboration with any other person or persons, in the title

Public Administration

page, preface, or any other part of which appears any indication that the writer is an officer of or otherwise connected with the Council, unless a statement appears in a prominent position in such book to the effect that the Council accepts no responsibility for the author's or authors' opinions or conclusions. No such person shall, without permission from the Council, make to a newspaper, solely or jointly with any other person or persons, any communication in which there is any indication that he is an officer of or otherwise connected with the Council.

Information for Press.—The Clerk of the Council is charged with the duty of imparting to the Press information with reference to the work of the Council. In certain special cases, such as publicity on educational and tramway facilities, he has concurred in the heads of the appropriate departments, who have special officers for this work, communicating directly with the Press.

Travelling and Subsistence Allowances.—Officers whose duties necessitate travelling receive actual expenses or allowances on a carefully prescribed scale. I hardly think I need give details.

Retirement.—Every officer is required to retire at the age of sixty-five years unless, as seldom happens, the Council passes a resolution to the effect that retirement would cause inconvenience to the public service. An officer may by special resolution be retired at an earlier age on the grounds of efficiency and economy, and the annual review of staff provides for consideration of cases of this kind. With regard to women the general principle is that marriage terminates the contract of service, and it is stipulated that not less than one week's previous notice of marriage must be given.

Having dealt in as summarised a form as possible with the general control exercised by the Council, I now come to the second main head of internal management.

II. MANAGEMENT WITHIN DEPARTMENTS

In considering a service such as that of the London County Council with a wide range of duties of a most varied character, and a total staff including employees and workmen of over 56,750, it is difficult to generalise on such a wide question as office management. The arrangements suitable in a small department such as the Parliamentary Department with work of a special character, mainly the drafting and promotion of Parliamentary Bills, oppositions and evidence, must obviously be very different from those in a large department such as the Tramways Department, which is charged with the operation of a great public service of tramcars. I think, however, that I may claim that the Council has devised a scheme under which the best experience derived from any department can be brought to bear on all. The machinery for securing this was the outcome of the investigations of a Special Committee which

Office Staffs (Municipal Authorities)

shortly after the war spent three and a half years in examining the organisation of the Council's departments. One of their recommendations adopted by the Council was that not more frequently than once in every three, and not less frequently than once in every five, years each head of a department should appoint a Departmental Committee to advise him upon the organisation of work and method of working of the department. Usually the Committee consist of three or four of the senior officers of the department, but there must also be included among the personnel a responsible representative of the Clerk of the Council, and it has recently been decided to add a member selected from three nominees of the London County Council Staff Association. The Committee make a thorough examination of the department and call witnesses from the various branches and sections. The representative of the Clerk of the Council uses the accumulated experience of staff questions derived from all departments, and the representative of the Staff Association also provides a useful *liaison*. The reports of these Departmental Committees are submitted to the appropriate Committees by the head of the department with his recommendations, and the views of the Clerk of the Council thereon are also submitted. Much useful work has already been done, several departments having been overhauled.

Passing now to general principles I can only, in the brief space at my disposal, suggest points of special importance in the management of a department.

Delegation of Responsibility.—The head of the department and his higher staff must be free to devote themselves to large questions. Adequate delegation of responsibility is therefore essential. This depends for its success upon the qualifications and training of the staff and the selection of the most able assistants for promotion.

Fluidity of Staff.—The officer in charge of each of the larger groups of staff in a department should be held responsible for securing fluidity, so that assistance to meet special pressure in one section is afforded from other sections of the group. The head of the department or his chief assistant should satisfy himself, before entertaining any proposal for increase of staff, that the situation cannot be met by transfers between groups or sections. Watertight compartments especially on administrative and clerical work should be strongly discouraged.

Change of Work.—Officers should be given opportunities, especially in their early years, by change of work of obtaining varied experience and thus breadth of outlook. After they have attained positions of responsibility change of work is not readily effected without considerable inconvenience, but no officer should be passed over from promotion on this ground.

System of Promotion.—Promotion, except as regards specialist positions, should be on a departmental and not on a sectional basis.

Public Administration

Encouragement of Suggestions.—Officers should be encouraged to make suggestions for improving efficiency and securing economy.

Technical Staff.—Technical (including professional) staff should be relieved as far as practicable from clerical work. With this object the clerical staff of a department should be organised and trained so as to assist the technical staff by drafting reports and correspondence from their notes, thus enabling them to devote as much time as possible to their main duties which are frequently outside the office.

Accounting.—Methods of accounting in all departments should be examined and approved by experienced officers from the General Accountancy Department, and stores should be purchased and store arrangements examined by a Central Supplies Department. In every department there should be one officer held specially responsible for the oversight of the ordering and distribution of stationery and office requisities.

Labour-Saving Machines.—Every opportunity should be taken to test labour-saving machines and devices, and it should be the duty of the Central Supplies Department to draw the attention of other departments to new inventions with this object.

Motor Cars.—The time of officers who have a large amount of outdoor work can be saved by the use of official motor cars. The question whether the cars can with economy be pooled should be carefully examined.

Output should be measured if measurable. In the case of a large block of staff engaged on similar routine work, output can be assessed on a unit system. This system is applied in the Typewriting Branch of the department of the Clerk of the Council. A page-unit standard is laid down, and a suitable allowance made for tabular and other special kinds of work. Most administrative and much clerical work cannot be measured in this manner. Percentages showing the cost of administration in relation to the total cost of a service or head of service are sometimes useful but often fallacious. Reliance must largely be placed on supervision and the scrutiny of proposals for increase of staff.

A few words in conclusion. The democratic system of municipal government renders the problem of securing efficiency of administration a specially difficult one. A business firm can apply the acid test of success or failure, profit or loss. It is only in certain municipal services that such a test can be applied, and even then public policy is imposed upon management and affects responsibility. A municipal authority has, however, to endure the fierce light of publicity, a test of another character. From the outline I have given the Council's system may be considered complicated. I cannot deny it, but no machine is condemned on that account. It is judged by its results. The Council's work is constantly growing. Parliament adds new duties every year. They are absorbed.

Office Staffs (Municipal Authorities)

When great efforts are needed they are forthcoming. The "machine" is now, for instance, producing an average of about 110 new houses every week—no mean achievement. If the scope of the Council's duties is still further enlarged the "machine" will require adaptation. It is only by the devoted public service of both elected members and staff that progress and efficiency can be achieved, and the study of public administration is a factor of no small importance in bringing about this desired result.

Promotion in Industry

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[Discussed at the Institute of Public Administration Winter Conference, February. 1927]

THE question of promotion in industry, as far as this country is concerned, is a problem which has, as yet, awakened little interest among those responsible. To the majority of business men, the title of this paper would imply not a system by which men are encouraged to develop their fullest capacities in the service of an enterprise, but rather a transaction by which enterprising individuals encourage money to flow into more or less dubious channels of investment. Those who still think of promotion in its more general and popular usage grumble gently at the lack of £10,000 a year men or write letters to the Press expressing their conviction that "University men are not fit for business." Our economic wisdom has hardly penetrated beyond a comfortable conviction that the system is self-adjusting, that competition will automatically insure competence, and that the activities of the devil among the hindmost are sufficient to secure omniscience to those with the longest legs.

This failure to envisage the conditions under which alone it is possible to organize large bodies of men for any common effort is at the back of most of our industrial troubles at the present juncture. It cannot be too often emphasized that those troubles are troubles of management. Theoretical criticism of the justice of our whole economic system is a factor in discontent. But it is translated into action by foolish and short-sighted handling in the shop. That is to say, the management, from Foreman to Managing Director, are the people who must change their outlook before matters can be put right. One of the most effective methods of securing this change is a sound and equitable system of promotion. Those who are surprised that the governed do not like our methods of industrial government must meet the general charge so delightfully expressed by Sir A. Quiller-Couch a few years ago, "through the market clamour for a 'Business Government' will persist the voice of Plato murmuring that, after all, the best form of Government is government by good men; and the voice of some small man faintly protesting, 'But I don't want to be governed by business men; because I know them, and, without asking much of life, I have a hankering to die

Promotion in Industry

with a shirt on my back.'"¹ Or as another critic commented à propos of the aforementioned controversy on the unfitness of University men for business, "I've always heard that a mongrel makes the best dog for a poacher."

Broadly speaking, in ninety-nine hundredths of British industry there is no system of promotion. Family connections, ownership of capital, toadyism, seniority, inertia, or luck decide which men shall be selected to rule their fellows. Where, in large businesses, some attempt is made to choose men carefully in "the interests of the service," the choice is usually that of the person who happens to be in power at the moment, individual, limited, and unsatisfactory. It is a commonplace of economic assumption that under a competitive system men must be selected for fitness and fitness alone. It is a fact that in the majority of our great enterprises there is no analysis of the factors which constitute "fitness" for most of the managerial positions and no methods of measuring or assessing those factors whatever.

This may seem a strong indictment. There is a daily column in *The Times* advertising Directorships at so much a head—invested in the shares of the concern in question. A speaker at Oxford a few years ago told an industrial conference that the only principle of organization he had been able to discover in English industry was "myself, my father, my son, and my wife's sister's nephew." Messrs. Austin and Lloyd, in summarizing the principles which appeared to them to lie at the back of present American prosperity, put first this significant statement: "The success of an enterprise is, in a large measure, dependent on a strict adherence to the policy of promotion of staff by merit and ability only."² Still more recently a friendly American visitor has written: "A tremendous drawback to effective business organization in England is the habit of asking who you are, as opposed to the American inquiry as to what you are. In England the fact that you are the husband of the daughter of the Managing Director is apt to mean more than the fact that you have discovered a new process for smelting steel that cuts a quarter off the price of production."³

The position is really a relic of the past. The late Lord Leverhulme stated shortly before his death that the motive which had been the great driving force in his life was fear, first of dismissal, later when he started on his own of bankruptcy, finally of failure in his vast schemes. Two generations ago, the ambitious and able man who wanted to make opportunity and a career for himself in industry tended to take that line. He would start on his own at a comparatively early stage. Competition and the continual pressure of possible failure weeded out defects of

¹ *On the Art of Reading*, p. 8.

² *The Secret of High Wages*, p. 20.

³ F. Plachy, *Britain's Economic Flight*, p. 71.

Public Administration

intellect and character. To-day, technical development and the economies possible to mass production and mass selling have presented us with a different situation. There has been a steady and constant growth in the size of the industrial unit and in the aggregation of units operating under a single control. Increased applications of science to industrial operation have added enormously both to the number of specialists necessary for effective production, and to the degree to which specialization is carried. That is to say, that of all those engaged in industrial occupations the proportion who look for self-development and personal success along the lines of independent business venturing has enormously decreased.

Moreover, the effect of these great enterprises has been to render the whole business process more stable. The social and moral consequences which follow from the complete breakdown of any large-sized modern business are very grave. The area of disturbance is national or international rather than local. We cannot regard the bankruptcy of the unfit as the normal method of dealing with mistakes, or rest satisfied with a means of achieving efficiency so clumsy and so disastrous in its working. The common-sense of the community dictates a larger view, so that even to-day we find desperate efforts being undertaken to preserve the fabric of such great firms as Vickers or Armstrong-Whitworth. Such considerations are added to the greater stability and permanence inherent in a large organization, broadly based from the point of view both of the financial interests involved and of the market which it serves.

These changes carry with them several consequences of great importance for the future of industry. In the first instance, the semi-automatic selection of individuals by competition in the open market no longer operates as intensively or as extensively as formerly. The elimination of the incompetent and unfit loses its impersonal character. It becomes a matter of deliberate judgment on the part of the individuals entrusted with the management of large businesses. At a period when men are more and more disposed to question any arrangement by which their lives and fortunes are at the arbitrary disposal of another's will, in this vital question of advancement or dismissal both the numbers of men who are dependent on such personal judgment and the standard of quality, the degree of independence of mind which they represent, have been much increased. More and more we seek for standards which are impartial and objective. Yet in industry over a large field the impersonal working of economic forces, accepted however unwillingly as "an act of God," has had to give way to personal judgments readily resented as the most imperfect acts of man.

The effect of stability is to force men to look to the industrial concern which they enter to provide them with a life and not merely with a livelihood. The public conscience is increasingly sensitive about ruthless treatment of old servants. And, on the other hand, the very tendency

Promotion in Industry

towards specialization forces business to a changing view of the methods and principles of management. An individual who cannot readily adapt himself is apt to be a very severe handicap in the executive team. Thus we have another paradox. The man who finds himself at forty in a minor executive position without hope or prospect of future advancement is very apt to become disgruntled, a liability rather than an asset. In business, as in the public services, some attention has to be given to seniority and length of service. On the other hand, almost every appointment, or at least a large proportion, must be viewed by those responsible rather from the angle of the various candidates' ultimate possibilities and powers of development, than from the standpoint of the immediate work to be done. A business in which the managerial staff are all waiting for "dead men's shoes" is itself waiting for the Official Receiver.

A much enlarged responsibility is thrown upon the Managing Director or executive head, whatever his title. The President of the Western Electric Company is reported to have said a few years ago: "The chief executive will soon find himself confronted by personal problems: he is faced by the problem of relieving men of responsibilities that have increased more rapidly than have their capacities, or of permitting the supervision of a function to become unbalanced in its relation to the supervision of other functions—a deterioration of co-ordination. It is a delicate and a difficult task, this shifting men around or possibly pensioning them off, and at the same time retaining their co-operation and goodwill. It is a problem the chief executive must face alone."¹

Here, again, the question of the system of promotion and selection steps in. The Chief Executive who has to carry these enlarged responsibilities is himself the product of it. A limited liability company is an immortal corporation or at least an entity with aspirations to immortality. It cannot be said to be well managed unless its methods of dealing with its personnel insure effective leadership for the future as well as in the present. And in this aspect of the question the tendency to specialized control of specialized functions is again a complicating factor. More and more in our great business organizations the principal managers tend to be specifically Production men, or Accountancy experts, Sales Managers, or specialists in Industrial Relations. The technique to be mastered in each sphere of operation is so complex and so developing that it is a lifetime's business. And yet somehow or other the business has to develop the all-round man with a sufficient grasp of every problem to assume the position of chief responsibility. In the United States they are somewhat freer in this regard than we are in this country—a man who has proved his capacity for executive control in one function being readily appointed to an equivalent position in another function. The public services also appear to be somewhat freer from this particular difficulty

¹ Quoted by H. P. Kendall, *Bulletin of the Taylor Society*, Vol. VII., April 1922.

Public Administration

owing to the scope of their operations—the principal positions in many of the large functionalized departments of State offering to any man, however able, a reasonable scope for his ambition. But the Navy has just provided us with a case in point by ruling that Engineer officers may not rise to the higher ranks on the executive side. The precise reason for selecting this particular class of specialists for this irritating limitation is not obvious to the outsider. On the other hand, it is a disqualification to which the medical profession has always been subject both in the fighting and in the other services. Industry will certainly have to consider, as the sciences underlying its various activities become more and more developed and their practitioners more professionalized, whether a similar difficulty applies to all or to any of them. At the moment, it looks as though the specialized profession of accountancy held an unfair advantage in this respect. This may be a temporary phase.

From the point of view of the great majority in more humble positions, the changes in the character of the industrial structure, which we have mentioned, mean one thing very clearly—Lord Leverhulme's motive of fear won't work any more. Just as the reduction in the number of chances of a man starting on his own has combined with greater stability to make an increasing proportion of entrants to industry look to a lifetime in the service of a particular Company, so it has become increasingly impossible successfully to organize these large bodies of employees under the constant threat of dismissal. The negative motive will not do. The positive motive of encouragement, hope of advancement in salary, status, and opportunity must be substituted for it. And if that motive is to operate effectively, certain basic conditions are necessary. The method by which these advantages are distributed to individuals must be above suspicion. It must satisfy all concerned that, however defective and faulty, it at least seeks to reward merit, that it is genuinely inspired by the interests of the concern to which all contribute, and that it serves no personal or private end.

In this matter, industry is at a very critical stage of development. It is a stage which public servants find it hard to understand. Business men are very apt to be critical of Government departments on grounds which they summarize as bureaucracy or "red tape." They are just beginning to appreciate that many of the faults to which they point have nothing to do with the form of ownership or the purpose of the structure. They are the inevitable reaction of normal human nature to the requirements of large-scale organization. They are a function of size. Most of the difficulties and errors attributed to the Civil Service, which works in the glare of constant publicity, can be paralleled a hundred times over from those businesses which have grown to a comparable scale. But there is always a lag between the development of a situation and the adjustment of thought patterns to the new conditions. And so with this question

Promotion in Industry

of promotion. While to the Civil Servant it appears perfectly natural that it should be a burning and active issue among all subordinate grades, that methods and systems of dealing with the question should be freely canvassed, it is not as yet recognized among business men as a definite problem in administrative technique. In Government departments, it is clearly understood that the success with which it is handled is one of the most potent factors making for contentment and co-operation among the working force. But its probabilities and possibilities are as yet but feebly appreciated in business circles.

The majority of even our greatest businesses are still but a generation or so away from the time when they were called into being by the genius of a single individual. That individual, dominant, energetic, and successful, was usually in a position of almost irresponsible power towards the Company over which he ruled. Frequently, he owned it. The corporate form served only to expand and disguise a control which was essentially individual. Such a rule does not lean towards principles of administration. Absolute monarchs are apt to have favourites. H. G. Wells once remarked that "it is a universal weakness of mankind that what we are given to administer we presently imagine that we own." And the sweetest of the sweets of ownership are not huge dividends, but power in little things, not peerages but patronage—the chance of doing a small kindness to an individual here and there, not to mention the opportunity of hiring some one else to do the dirty work when economic necessity forces our autocracy to be a little less benevolent.

That individual tradition still lingers. There are many great businesses where the problem of promotion has been faced—even if there are many where it has not. The Managing Director of a world-famous house wrote only the other day, "I have made it an invariable rule never to admit a relative into the Company." At least one form of patronage had been definitely renounced. In other concerns, there is a salary committee of the directors which settles advances among the higher paid officials. But on the whole, even where a real endeavour is made to promote on merit and merit alone, the idea persists that the judgment of a single person in a responsible position is a sufficient assessment of what constitutes merit and what does not. And many subordinates are inclined to accept that view.

On the whole, however, there seems little likelihood that they will long continue to do so. After all, the question of selection for advancement is one of the most vitally important issues in his working life from the standpoint of the individual. If he has a spark of vitality in him, he is prepared to stand or fall on his own merits. But he does demand and will demand with increasing insistence, that the method by which those merits are determined is as careful, impartial, and as free from the chances of time, place, and caprice as human ingenuity can make it. As the Trade Unions

Public Administration

have discovered over a long period of bitter experience, the direct popular election of officials is one of the worst devices known to mankind for ensuring an efficient service. But the continued popular approval which the ballot commands is directly due, not to any theoretical predisposition towards this pseudo-democratic method, but to the fact that hitherto our administrative experience has offered as the sole alternative an individual or committee nomination which is instinctively felt to be even more exposed to the operations of prejudice and favouritism.

Many business men will tell you that they are good judges of men, that they are the responsible people, and that it is impossible for them to carry that responsibility if they may not choose the men they like. Let us examine this position a little more closely. One American psychologist has written, "Crimes have been committed in the name of 'judgment of human nature.' Too often, selection is a guessing contest. All of us like to think we are good judges of men. Years hence industrial executives will recall this calm assurance that each of us is a good judge of men and smile."¹ The experiments on which he based his opinion are interesting. In one case, arrangements were made for thirteen leading industrialists from different companies to judge a group of twelve salesmen sent in by a single company. Each of the judges was of major rank and long experience, and prided himself on his ability in choosing men. Thirteen complete sets of records and references for each of the twelve men were prepared and given to the judges. Each of them was asked to interview these men separately, using what method or procedure he wished, and then to rank them in order of his preference. A similar ranking based on the men's actual sales figures was obtained from the Company who had supplied them. What was the result? Of the thirteen rankings given by the individual judges as correlated with the average of all their rankings, only five were better than 0.60; one was 0.11 and another 0.26. The man placed top by his Company was placed 1st by three of the judges, but 7th, 8th, and 11th by three others. The man placed 6th by the Company was ranked 1st by one of the judges, 10th by another, and 12th by another. The man placed 10th by the Company found a judge to place him 2nd, and the man placed 2nd by the Company appeared 9th and 11th on two of the lists. Only three judges correlated better than 0.50 with the Company's ranking, while four correlated lower than 0.25. In a similar experiment conducted with six sales managers from the same Company on thirty-six applicants for positions as salesmen, a man who was placed top by one manager, and 2nd by another, was ranked 11th by a third. It is not suggested that the task of selection for promotion among men whose work and personalities are in some degree known is quite the same problem as the choice of previously unknown candidates by means of records and inter-

¹ *Personnel Management*, W. D. Scott and R. C. Clothier, p. 24.

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Promotion in Industry

view. But the wide individual differences in judgment which these experiments reveal, even among so-called "experienced judges of men," do definitely indicate that, from the standpoint of the subordinate, individual selection is a capricious and chancy basis on which to build a career. We can none of us select men justly. Try how we will, our own personal prejudices and predispositions weight the issue. An old dog fancier once said, when asked how he picked bull-terriers in the showing: "Well, you see, I looks 'em over and sizes up their points. But when I've done all that there's happen five with nothing much to divide them. Then I just looks each of them in the eye and says to myself, 'Now, which of these tykes would you like to take home with you?' " Our selection of men for promotion has not quite reached that stage in all cases: we have no system of "sizing up their points." Even where we have, selection by an individual reduces itself, as the dog fancier's, to "Do I like your face?" In the case of the rejected it is often

"I do not like thee, Doctor Fell
The reason why I cannot tell,
But I do not like thee, Doctor Fell."

And that is very poor consolation for a man who has given his life to a stable type of organization, and has just missed an opening towards which he has worked for a number of years. He is, at least, entitled to know why and in what he has failed.

In most businesses, the issue is complicated by the departmental character of the organization. Opportunities of promotion as they occur are usually provided by vacancies in another department or function of the concern. And, if we are to avoid the difficulties of too intense specialization touched on above, it is in the interest of all parties that this should be so. But the manager of the new department frequently knows little of the real capacities and personality of the various candidates, except such impressions as he can gather from other managers. And these are all coloured not only by the personal idiosyncrasies of the manager making the selection, but, too, by those of the manager making the report, and by the past and present personal relations between the two managers.

It is necessary, too, that the interests of the Company as a whole should be represented in the transaction. It is essential that departmental interests and requirements should take second place to the more general issue of a contented staff and the maintenance of an adequate supply of candidates to fill positions of responsibility as vacancies arise. This may be met by the appointment of an Employment or Staff Officer who advises and assists in the selection. But in any large organization, he again can have but a superficial knowledge of the actual work of many of the persons concerned. His function is rather confined to insisting that such objective records as a company may possess are given full weight. These would

Public Administration

bear on such questions as health, length of service, previous experience, punctuality, and the like. But even here there is danger. Such records lend themselves to periodic reports. And periodic reports in the hands of unskilled, censorious, or aggressively moral persons are an instrument of embalmed tyranny. Few businesses have hitherto reached the standard of Army practice by which any criticism contained in a confidential report upon an officer must be shown to and initialled by the individual concerned, who thus has an opportunity of challenging prejudice or injustice before they become a permanent part of his official history. The writer has in his possession a book maintained by the Staff Officer of one industrial concern which, if published, would ruin the reputation of half a dozen eminently respectable and successful managers.

If, however, an Employment Officer or similar official shares in the choice we have immediately an embryonic form of selection by committee. This has one advantage over individual selection. It is a little more difficult for individual interests directly to affect the issue. If the procedure is reasonably public, it is not quite so easy for an individual to push a candidate for some personal reason not directly bearing on the efficiency of the concern. That this is not always so, however, the history of local government witnesses only too clearly. In industry, as on Borough Councils, politics often take charge and committee appointments resolve themselves into a balancing of forces rather than a deliberate selection of the most suitable candidate "in the interests of the service." In one case within the writer's experience an appointment, where effort had been made to deal with the applicants analytically, was finally settled by the chairman of the committee with the remark: "I know Y and Z: I don't know X. I vote for X." Incidentally, this very promotion led to a serious complaint from certain members of the staff that X had been appointed on the ground of his religious convictions.

This, then, is the position as regards industry in this country. The growth in the size of the business unit and the stability which it involves have greatly reduced the outlets and opportunities for able men in the direction of individual trading. The standard of management called for by these conditions differs widely in principle and quality from that called for under a smaller-scale economy. The chief instrument in the hands of industrial administrators for securing and improving that standard of management is a dynamic and equitable system of promotion. The older motives of fear of dismissal simply will not work in a modern democracy. At the same time, the older tradition of ownership and the right of ownership to operate according to its personal whim still lingers in our industrial structure. Personal selection, on the other hand, is not likely over any long period to continue to satisfy the great body of employed persons. It is an inadequate principle on which to base the

Promotion in Industry

individual's hope of advancement and development. It smacks of autocracy. It cannot, however genuine, maintain the conviction of disinterestedness against the sense of disappointment, the tendency to gossip and suspicion, which inevitably surround this subject in any large organization. It is destructive of that sense of reasonable effort towards personal improvement, based on the hope of just reward in the shape of enlarged opportunity, which is the basis of efficiency.

The way out of this situation lies along a progressive improvement in our technique of administration, particularly in the direction of our handling of personnel. And for this purpose we shall have to turn to American experience. The reason for this is inherent in the economic situation. It does not imply any exaggerated respect for American ideals and practices. But as Professor Carver has pointed out, the imposition of immigration limitations during the last five years has forced upon manufacturers in that country a position in which Labour is a commodity which demands a closer consideration than Capital. It has a definite rarity value. And, with due apologies to some of the more theoretical supporters of the Labour party in this country, it must be insisted that when workers of whatever grade find themselves in that position, they are the first to insist on a commodity view of their services and to demand the highest competitive price which those services can command in the market. The costliness and shortage of workers has combined with the personal readiness to change employment characteristic of a young, developing, and, therefore, hopeful industrial community, to force American employers to give the closest consideration to the conditions which are favourable to continuous employment and a contented working force. In many concerns, the turnover figures have been enormous, and incredibly costly. Naturally, the more far-sighted business administrators have been prepared to devote much time and money to experiments designed to modify this state of affairs. Since the tendency to change is just as marked among the executive ranks as among the operatives, they have included in such experiments methods of establishing and making known a system of selection and promotion which should satisfy all concerned as to its equity and opportunity value. Moreover, untroubled by the remnants of social stratification which handicap an older country, they have approached the task with great openness of mind. It is to be anticipated that they will have gone further than employers in England where five years of unparalleled unemployment have produced exactly opposite economic conditions.

It may be added, however, that the greater growth of Trade Union organization in this country is producing indirectly the same effect. Employers would be wise to link the two questions more closely together. Many Trade Union leaders are men of great personal quality and high disinterestedness. They are a factor of stability in our industrial

Public Administration

structure. But it is undeniable that many others—and they are the type most difficult to deal with in negotiation—are able men with a natural talent for leadership which has been directed into Trade Union activity because the existing channels of promotion did not offer them reasonable opportunity. Personal disappointment and egotism rationalized as zeal for a man's downtrodden fellows cannot be dealt with by the normal processes of concession or negotiation. From this narrower angle, as well as on the more general ground that the present discontent in British industry does demand a far better trained and more efficient hierarchy of management if it is to be cured permanently, employers would be wise to devote more time and attention to the question of promotion. We are far too apt to talk as if industrial harmony were a matter of agreement on paper between national bodies sitting in London. It must start in the workshop. And many of the wisest administrators are finding that their highest intentions towards their workers fail dismally in execution. The knowledge and capacity to give effect to them are absent.

No advantage would be gained by too detailed an examination of the American experiments. For those who are convinced of the importance of the subject, such books as *Personnel Management*, by W. D. Scott and R. C. Clothier (A. W. Shaw & Co., 1923), are available. The Monthly Bulletin of the Personnel Research Association gives a timely account of the most recent work. It will suffice to state certain broad principles which emerge from a study of these documents. Incidentally, business men who are at work on the question in this country will obtain much helpful comparative material from the attempts at a solution put forward by various departments of the Civil Service. It is to be hoped that the meeting for which this paper is prepared may be but the beginning of a freer exchange of information on those problems of staff integration, which are common to all large-scale organizations.

In the first place, it is impossible to establish any adequate system of promotion in an enterprise of any kind, unless the form of the organization is clearly determined. The necessary preliminary to selecting an individual for a post of any kind is a review of the duties, and responsibilities, which that post involves. Such a review is inadequate if it is arrived at in isolation for the special purpose of the appointment, or traditional and not reduced to definite set terms. Further, the thoughtful applicant will himself wish to know not only what that post connotes for the immediate future, but what are its ultimate possibilities. How far does it enable him to acquire skill and experience which equip him to move up another rung of the ladder, and what is the next rung? To this information he is entitled. Equally, the administrator will appreciate that while opportunity is a pyramid, and the number of posts to be filled at each higher level of responsibility progressively decreases,

Promotion in Industry

still he should always look to filling such higher posts from within his own staff. At each level, the appointment held by men of sufficient adaptability and powers of growth to progress two or more further stages must be in sufficient proportion, both to provide for the defined and existing requirements and to guard against expansion or casualties. It is this consideration which so definitely precludes the use of a system of promotion by pure seniority and makes it so important to devise an alternative which will be equally satisfactory to the great majority.

The only sound method of tackling this problem is a complete analysis of the duties and responsibilities of every job in the organization. Such an analysis should be in standard form and should include particulars of the qualifications as to sex, age, education, experience, special skill and so on required for each post. It should also show the positions above and below each job for which it qualifies the incumbent or from which it is in the normal line of promotion. From such particulars it is possible to construct a promotional chart showing all concerned the whole possibilities of each avenue of advancement, the specialized jobs which lead to a blind alley, the next position to work for, and so on.

In the second place, in our present state of knowledge it is quite impossible to escape from the factor of personal judgment or opinion in estimating the relative importance of various jobs, or in the selection of individuals to fill them. While we may hope much from experimental psychology, we have not yet arrived at a position when we can place complete reliance on it in this respect—still less at a position in which its results will be accepted by the popular mind. While it would not be fair to judge the British intellect by the House of Commons, the comment in that establishment on certain tests for entry to the lower ranks of the Civil Service are, perhaps, symptomatic. And to take a more expert view, Dr. Alfred Adler writes: "If I were simply to examine an individual's capacity to remember, strength of memory, receptivity or quickness of response, I would not in the least know what object he had. Consequently, experimental psychology, by itself, is not able to teach us anything about a man's talents or values, because it can never tell us whether an individual is going to use his psychic capital for good or evil."¹

What experimental psychology can give us is a completely objective standard of comparison between the individual under consideration and a number of other individuals in respect of certain physiological and psychic capacities. If the number of other individuals is large enough—that is to say, if the test is sufficiently standardized—that is a very valuable guide, provided we remember its limitations. Its measure of superiority over the ordinary type of examination is that it is objective and standardized. The results are unaffected, or only affected to a very

¹ *Individual Psychology*, p. 52.

Public Administration

slight degree, by the personality of the individuals giving and receiving the test as they impinge upon each other. The markings are automatic and independent of the condition of the examiner's liver on that particular morning.

But we are still brought back for the general process of evaluation, assisted though it may be by certain tests, to the empirical judgment of individuals and to the necessity of convincing those affected that that judgment has been as objective and disinterested as the circumstances permit. As far as business is concerned, this task appears to involve two main considerations. In the first place, men like to be judged by results, save in those cases where their tact—to give it no unkind term—exceeds their capacity. And in many departments of business results can be expressed in terms of financial measurement. It is a curious fact that business, which is always priding itself on its financial yardstick, should have remained so long oblivious to the refinements of financial measurement rendered possible by modern statistical method. It is, for instance, with a great air of originality, in process of discovering the budget as a means of exercising financial control over departments. It is not, of course, suggested for a moment that it is possible wholly to evaluate the significance of management in direct financial terms. The value of a department of personnel relations or of business forecasting cannot possibly be so expressed. But economy of operation, other things being equal, is essentially an administrative virtue: and, further, it is a factor which can be measured objectively. Where total expense is no guide to the value of performance; unit cost of operation often is. One essential feature of any sound promotion scheme in industry is a thorough study of the organization from this angle. Individuals must be convinced that the figures are the best obtainable, that they represent fairly the area of their responsibility and authority, and that they are used only so far as they are a reasonable measure of efficiency.

As far as junior appointments are concerned, a similar series of considerations apply to those other objective factors which it is possible for a good employment department to record. The difficulties of periodic reports and similar records have been touched upon. Finally, when we are forced to use individual judgment we can make a conscious effort to improve its technique. Just as science works by definition and analysis, so to this troublesome and unscientific guess-work we can apply these instruments. Take the difficult matter of grading different jobs in an organization in their relative importance, and the factor of supervision. Supervision is of many different kinds, exercised over different numbers of people at different levels of responsibility. We can at least put down on paper what we mean by those different kinds of supervision, attaching to them a form of words expressing the amount and kind of responsibility expected from the subordinate, and the amount and kind of oversight

Promotion in Industry

exercised by the superior. In one organization in this country, the Directors are trying to establish six such levels; Direction, Control, Management, Superintendence, Supervision, and Oversight. Oversight is what the office boy may expect.

Similarly, with the personal qualities of an individual exercised within a job. We are more likely to rank individuals justly and impartially against each other if we first analyse the qualities for which we are seeking and define them. Then we can consider the co-operativeness of A against the co-operativeness of B, the quality of co-operativeness in both cases being the same thing, and defined. That is a far less partial and personal procedure than considering whole A against whole B. The existence of the defined qualities serves to remind us that we are *not* being asked to consider whether we like A's politics or dislike B's wife.

Deliberate analytic rating of this description if well-established as a periodical procedure has the added advantage that it reveals weaknesses both to rater and rated, the judge and the victim. Hasty or superficial judgments are revealed in the periodic variations which record any tendency on a superior's part to give way to temporary impressions. On the other hand, if all ratings are, as they should be, shown to the individual concerned, he is able to see immediately in what aspects of skill or character he is least successful in the opinion of those above him—a valuable guide in securing self-improvement. Finally, these methods, since they deliberately aim at impartiality, can be used by committees trained in the technique far more effectively than the single nomination. It would be difficult for any party or "interest" in a group deliberately to mark a man higher for a specific quality than others who notoriously bettered him in that respect. Similarly, in settling the relative status of appointments or departments the method of analysis and definition, coupled with consensus of opinion round a committee table, irons out departmental claims and jealousies more quickly than any other device. Odious comparisons are not presented in their generalized and personal form, but in a series of disembodied questions which largely eliminate acute emotions. Where an individual starts to pursue an "interest" it is quickly obvious to the remainder, and he will be called to order.

Much experiment in many different directions is required before this new technique can be perfected. But it certainly seems to indicate a line of inquiry and of possible advance. This paper has been largely given to a plea for the urgent necessity of considering this question of promotion in relation to industrial organization. England is disgracefully behindhand in turning her thoughts from the technical achievements of the last century to the newer study of industrial methods, which emphasizes personnel management, the more intelligent organization of men and their motives, as the cardinal question of to-day. Our present

Public Administration

troubles are largely the fruit of this attitude. And if employers are not prepared to stop writing to the Press about "goodwill," and set in to spend time and money in organization and experiment along these lines, those troubles will continue. We hear too much of "goodwill," and too little of good management. The ultimate job of every administrator, whether civil or industrial, is to help in the organization of freedom. We have all to remember that,

"Man desires to be free, not in order to be spared tribulation—this is more liable to increase in proportion to the degree of self-determination attained—but in order to grow."
—HERMANN KEYSERLING.

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Promotion in the Civil Service

By H. BROADLEY

Formerly of the Board of Trade

[Paper discussed at the Institute of Public Administration Winter Conference, February, 1927]

P*PROMOTION* and "*Advancement*."—There is much confusion of thought about promotion, both in the Civil Service and in other spheres of activity. In an organized body such as the Army or the Civil Service it simply means elevation from one grade to a higher grade, involving more pay and more responsible (and therefore more interesting) work. But such promotion is only a phase of what may more generally be termed "*advancement*"—a phenomenon which is found in all economic spheres. In those professions such as medicine and the law, where an unfettered individualism remains the rule it takes the form of increased public recognition, with a larger income. This "*promotion*" is unconsciously made by the public itself. In commerce it means the selection for specially responsible work of the man whose ability has come to the notice of the head of the business, involving frequently his stepping over the heads of many, if not the bulk, of his colleagues. Such selection is haphazard, depending on the judgment of an individual who obviously cannot be fully aware of all merits of the whole of his staff. In public utility undertakings, such as Railways and Steamship Companies, where that regimentation which is the mark of the Civil Service has already appeared, phenomenally rapid promotions, while still possible, are becoming by no means the rule.

It is important to make this distinction in regard to "*advancement*," as there is ever a disposition in the mind of the young and innocent entrant into the Civil Service, nurtured no doubt on the doctrine that "*there is always room at the top*," to expect an early recognition of his merits and an unhampered chance of achieving the higher posts in the manner which still prevails in the individualistic professions. And it is disappointment resulting from disillusion that is an important cause, according to the temperament of the individual, of discontented or phlegmatic workers. The whole tendency of present-day life is away from rapid advancement. To secure the widest possible distribution of the good things of life organisation is essential—organisation to safeguard the weak; organisation to impose the feeling of responsibility upon the strong. Individualism is thus giving way to more corporate action, and such action means less opportunity for outstanding personal achievement. The machine is of more importance than the operator.

Public Administration

The Civil Service and the Individualistic Professions.—In the professions such as medicine and law, and also in the small type of commercial business, individualism does indeed survive, but those who select these professions must be prepared to pay the penalty of failure. Medicine, the law and commerce hold out public recognition, wealth, social importance to the few; penury, or at best a hardly-won existence, to the many. The Civil Service and also those public utility undertakings which copy the Civil Service in organization safeguard the entrant against penury; similarly they offer, and can be expected to offer, only few prizes or chances of rapid advancement to the ambitious. Those who select the Civil Service as a career are apt to forget this fact. They cannot make the best of both worlds. Their reward is a secured post, with protection against anxiety as to the ordinary needs of life, and the thought that they are rendering a service to the community. In the higher grades there is also the inherent intellectual interest of governmental work and the personal satisfaction that comes from knowledge of and participation in "things that matter." In return, Civil servants must be prepared to throw away ambition and embrace, if not poverty, obedience and chastity, a life of conscious submission to the end which administration has in view.

It must be recognized, therefore, that much of the agitation which exists on the subject of promotion in the Civil Service is due to a false assumption. It is caused by carrying the ideas of an individualistic order into an entirely different system—that of organization, co-operation, regimentation, or whatever you like to call it. And incidentally it must be recognized that it will not be long before other aspects of national life follow the Civil Service in this matter of advancement. What administrative action has done for the service of the Crown, joint-stock legislation is doing for finance, industry and commerce. The time is rapidly going when phenomenal rises in the business world will be possible. The only difference which will exist in the future between the Civil Service and business is that in those businesses which are under the control of one individual chance will tend to play a rather larger part in advancement than it will in the operation of the Governmental machine. In such businesses it will probably still be possible for a junior to be picked out by the head of the firm because he has been fortunate enough to do a good piece of work which has come to his chief's notice, whereas hundreds of his colleagues may have done equally good or better work which circumstance has decreed should be born to blush unseen. In the Civil Service the picking out of such a fortunate youth will be precluded by the fact that all administrative work is done in the fierce light of public criticism and therefore there must be no action that suggests nepotism or personal influence. No one can justify on ethical or economic grounds a system which scatters its rewards by fortuity.

Promotion in the Civil Service

Promotion and an Adequate Standard of Living.—There is one further distinction to be made before coming to practical politics. Promotion must not become merely the method of attaining to a reasonable standard of living. The inadequate and badly adjusted rates of pay of certain grades in the Civil Service have produced no little confusion between promotion and the realisation of an adequate income. Take the case of the Assistant Principal. He begins his official career at £200 a year plus bonus. That is an adequate initial salary for a man of twenty-four or twenty-five. Marriage in these deliberative days is an event which on the average does not occur in the professional classes until about thirty. At this age the unpromoted Assistant Principal is receiving perhaps £305 a year plus bonus. This is quite inadequate as a salary on which a First Division Officer can contemplate marriage and family responsibilities, and in consequence promotion to the rank of Principal comes to be looked upon as the means of securing a marriageable income and not that "advancement" which Samuel Smiles dangled before the ambitious youth of the nineteenth century. The same phenomenon must exist in other grades also. It confuses the issue not only in the minds of those looking for promotion, but also in the minds of those by whom promotions are made. Many times when the chances of candidates for a higher post involving more pay have been about equal the domestic responsibilities of one have tipped the balance—and not only when the chances have been equal.

The Abolition of Promotion.—The solution seems to be to abolish promotion altogether; and this, indeed, is what is probably coming about. Instead of endeavouring to reward the efficient man on the ground that he is capable of doing more responsible work than that which has been entrusted to him, we shall give him an adequate education and training before he is appointed and then put him straightway to the work for which he is most fitted. A man fully efficient at executive work is by no means likely to be equally efficient at administrative duties, or vice versa. The facets of the mind are indeed many and diverse. But the distinction between executive work and administrative work must call for essentially different qualities, or, so far as the Civil Service at any rate is concerned, the Treasury is merely indulging in a flight of imagination in introducing a distinction which does not exist. There are three possibilities—either there are no grounds for such a distinction in official duties corresponding to the difference between executive and administrative functions; in which case there is no justification for separate grades: or the system of education and the method of recruitment into the Civil Service is so bad that individuals with administrative qualities are accidentally appointed to the executive grade and vice versa; in which case our present methods of education and recruitment need alteration: or there is a real distinction in the

Public Administration

Civil Service between executive and administrative work for which the present methods of recruitment adequately cater ; in which case promotion is not merely unnecessary, it is bad, since it means transferring an official from a type of work in which he is thoroughly efficient to a type which, *ipso facto*, is less suited to his capabilities.

Promotion and Efficiency.—No doubt there is some truth in each of these points of view, but it does seem to be the case that promotion inside the service is a criticism either of the method of recruitment or of the method of organization. Possibly it will be urged that without promotion there will be no incentive to efficient work. This again is a confusion of thought. There are two methods of advancement in the service—there is the regular climb of incremental progress from the initial to the maximum salary of the grade. There is also the sudden jump from one grade to the next either during or at the end of the incremental period. The latter is promotion ; the former normal progress. It is now a matter of rare occurrence for officers to be given special increments in their normal progress. In the past such increments have been regularly given. The new attitude has spread down from the highest ranks to the bulk of the service. It is the beginning of the gradual elimination of promotion altogether—the recognition of the fact that extraneous rewards are unnecessary to produce good work. That idea grew up with the period of free competition which followed the industrial revolution, and with the disappearance of competition such an idea also is vanishing. It applies now only to those strictly individualist fields of activity such as medicine and the law—and even there many doctors, barristers and solicitors would vehemently deny that their efficiency or conscientiousness is in any way affected by the thought of personal advancement. They want to “get on”—admittedly ; but that is independent, in a vast number of cases, of the feeling that they must do their job to the best of their ability. This same attitude exists in other spheres. The engine driver is not inspired to drive his train efficiently, to keep time and to watch the signals by the thought of promotion to a higher grade. Nor would Sir Russell Scott, as the head of the Establishment side of the Civil Service, accept the view that his efficiency was in any way conditioned by the hope or expectation of reward.

Thus if at both ends of the scale the lure of promotion is shown to be a fiction, why should it exist in any intermediate grade ? It is extremely doubtful whether it does. The persistence of the idea is no doubt due to the nursery doctrine of rewards and punishments by which the nineteenth century endeavoured to inculcate virtue and prevent naughtiness in its offspring. And that nineteenth-century doctrine had its origin in nineteenth-century religion. It is an interesting, but somewhat irrelevant thought, that John Wesley was, in part, responsible for the present difficulties in the Civil Service as the subject of promotion. However,

Promotion in the Civil Service

even in the nursery the doctrine of rewards for special goodness is past its hey-day, and the coming generations will have a correspondingly different attitude towards advancement in more material things.

The Effects of the Promotion System inside the Departments.—Before coming to a consideration of the future development (or rather metamorphosis) of the idea of promotion in the Civil Service let us consider for a moment some of the practical results which flow from the present system. It must be frankly admitted that very few Civil servants regard the position at the present time as satisfactory. In every department are to be found disgruntled individuals who are dissatisfied with their own position or discontented because others are being promoted either from a lower grade into their own or from their own into a higher grade.

To meet the dissatisfaction and inefficiency which flow from the present system of promotion Establishment Departments have formulated various ingenious devices either out of their own inner consciousness or as the result of discussions through Whitley machinery. When one comes to think of it, the only really complicated work of Establishment Departments is this question of promotion. The recruitment of new entrants is a matter of routine—the Treasury and the Civil Service Commission supply the personnel desired. It is true that Establishment Departments also laboriously maintain elaborate records to see that Miss Smith has not had a day's sick leave too much and that Mr. Jones's telephone number is correctly listed—three months after it was changed! It is promotion which takes up the time. And curiously enough it does little more. Every one must recognise that in the service a hand-to-mouth procedure is often the rule. No far-sighted policy seems to be adopted. An individual is transferred to a department when there happens to be a vacancy irrespective of the future work or prospects it offers him, simply because he is rather short of work in his existing section. And in a few weeks or months he is transferred again elsewhere because he has come to realise that his chances of making further progress in the department to which he was allocated are hopeless.

What is desired is a system which eliminates all ideas of advancement and promotion from one's work. One's income, like police protection, taxation, and such matters, should be fixed, and once fixed be independent of one's *individual* efforts to alter it. A man does not work less efficiently because taxation is heavy or light; he accepts taxation as a matter settled, and adjusts his life within the orbit it prescribes. Similarly, if we could eliminate from the consideration of individual Civil servants the possibility of special promotions, we should add to rather than subtract from efficiency. This is not to say that bad work must go unpunished. That is another story: and one dealt with later. But good work should be regarded as normal and not as something deserving of special reward at the expense of one's fellows.

Public Administration

Promotion Boards and Annual Reports.—Two recent devices introduced into the Civil Service in connection with promotion are worthy of some comment—these are Promotion Boards and the system of assessed Annual Reports. The former is a sheer waste of time and as a form of independent judgment a farce. How can a Board merely interviewing a group of candidates for a few minutes each arrive at more than a superficial opinion as to their relative merits? One remembers the strained atmosphere of some of these interviews as the members of the Board rack their brains for some appropriate question to put to the trembling neophyte. For a waste of time and energy, a source of dissatisfaction, nothing can exceed the Promotion Board idea. And then comes that amazing invention—the system of Annual Reports, whereby heads of departments are required to certify whether each member of their staff was normal, sub-normal, or super-normal in regard to the seven deadly departmental virtues. It seems incredible that the Staff sides of Whitley Councils should ever have toyed with such an idea. Its adoption is a damning comment on their mentality. One imagines that the system must have been evolved by some mathematically-minded individual in the intervals he had left over between devising a new system of scoring county cricket points and endeavouring to revise the basis of the cost-of-living figures. But having adopted the Annual Reports system the inventors wisely left it to others to operate. They gave us no guide as to what was normality. Each head of department, each chief of section must adopt his own test, with the result that the reports, except within the limits of such departments and sections, can never be compared. Thus when a promotion has to be made inside a department from candidates already in that department, such a system is unnecessary, as the head of the department decides on his own impressions, and not by a reference to an efficiency calculus, to whom he will allocate the vacant post. On the other hand, when officers from different departments are candidates, their reports, having been made by different individuals with different standards of merit, are useless. The enlightened individual, asked to make a promotion on the basis of such Reports, would seek an interview, not with the officers about whom the Reports were made, but with the officials who had compiled them. "*Quot homines. . .*" Moreover, hardworked heads of departments and sections, to avoid the complaints resulting from the sub-normal report, and realising the extreme futility of the whole system, use the normal indication in most cases. It is clearly time that the whole system was abandoned and consigned to the limbo from which it should never have been removed.

The Alternative to the Present System.—But if there is so much to be said against the present system and the practical results which flow from it—what is the alternative? The alternative is boldly to recognize the trend of modern development and to abolish special promotion in the

Promotion in the Civil Service

service altogether. This makes it essential that there shall be a much more accurate delimitation of the different types of work in the service than now exists. It is necessary first to decide whether the clerical, executive, administrative division is really valid; and if so, what does constitute the type of work of each class. At present there is by no means uniformity throughout the service, and in some departments executive officers are doing similar work to that which administrative officers are undertaking in other departments. It may, indeed, be found that there is no real distinction, for instance, between clerical and executive duties; in which case the arbitrary difference of function must be eliminated and only one grade instituted. On the other hand, it may be the case that all three grades are fully justified. With the delimitation of the correct grades must come a reconsideration of the method of recruitment to ensure that the best type of man fitted for the class of work is obtained. It is not suggested that the competitive system should be eliminated: probably the method of examination plus an enlightened method of interview together with school and/or University reports is the best that can be devised.

"Promotion" by External Tests.—Nevertheless, even in the best possible arrangement there are bound to be some exceptions. Specially able individuals, owing to extraneous circumstances, may find themselves in an inappropriate grade. Such individuals are of course always able to sit later for a higher examination, but in view of the difficulty of devoting adequate time to the study of the subjects necessary, for instance, for the First Division examination, such an officer might be excused the written part of the examination if he had taken an internal honours degree at the local University (London in practically all cases) as the result of evening study. He would then go to the interview supported by his London degree, a report from his departmental chief and a report from his London University tutor, lecturer or principal. Similarly a clerical officer might qualify for the Executive grade interview by a lower external examination (*e.g.* the London matriculation).

Thus promotion from one grade to another would be entirely outside the control of the Establishment section of a particular department and in the hands of those who were definitely appointing officers to the higher grade. Such an Appointments Board would be able to take a much wider view—both from the educational and official angle—than would a mere Establishment Section. Much of the present discontent in the departments would be eliminated, and officers who felt competent to perform higher duties than those attributed to them would qualify for transfer to those duties by the acquisition of a better education rather than by special concentration on their own particular jobs, which *ipso facto* tends to make them less efficient for work of a different type.

"Progress" by Seniority.—Within the clerical, executive and administrative grades themselves would remain the divisions which exist

Public Administration

at present—clerical and higher clerical ; executive and higher executive ; assistant principal, principal, and assistant secretary. Transfer from the lower to a higher section *within such grades* would be by seniority only. For instance, Assistant Principals would be made Principals in strict order of seniority. After all, the period of service in the department is as good a test as any for elevation to the next section, when all officials in that grade are of substantially the same type and have passed much the same test.

It would, however, be necessary to see that efficiency bars were effective. These exist at present, but generally speaking are not stringently enforced. Furthermore, elevation from one section to another within the grade, while in order of seniority, would take into account whether an officer was notoriously inefficient or otherwise unsuitable. Thus would evolve a system of progress by seniority tempered by inefficiency rather than one of promotion by merit (a criterion almost impossible to define and difficult to apply) tempered by seniority.

At present the service taken as a whole is disturbed by this problem of promotion more than by any other. The methods of Promotion Boards and Annual Reports have been devised in the hope of establishing some objective test and avoiding individual favouritism. They have, however, entirely failed to remedy the situation. The only satisfactory solution lies in the elimination of the idea of promotion altogether. It is not essential to efficiency. In the long run it hampers rather than helps the service as a whole. It belongs to a system which is passing away as organization grows. What is required is a method of securing the right man for the right job after he has had a proper education and training, then removing the question of his income and progress away from the sphere of his work by settling it once and for all, so that his whole energies can be concentrated in doing his job to the best of his ability.

Promotion in the Municipal Service

By J. M. NEWNHAM, O.B.E., D.L., LL.D.

Town Clerk of Croydon

WHEN your Secretary asked me to read a paper on this important and rather difficult question, my first thought was that I was specially unqualified, in that I have never been promoted myself, I have never had an opportunity of promoting any one in my own department, and with the exception of one or two cases of promotion of a deputy to succeed a principal officer, I know of no real case of promotion to a higher post under my Corporation. My borough has a population of over 200,000, owns water, tramway, and electricity undertakings, and is one of the twenty largest County Boroughs in the country, and may therefore be regarded, as no doubt was thought in asking me to address you, as a municipality in which opportunities of promotion would occur with average frequency.

You will of course understand that I am not regarding as promotion to a higher post, the ordinary progress that a man makes, by seniority, from the position of office boy to that of a committee clerk, or, if he is fortunate, to that of chief clerk of the department to which he belongs, or similar progress in minor administrative posts, or the steady increase in salary which a scale gives him, or that he gets as he grows in age and in experience of the work of the department to which he belongs.

These facts do, however, suggest the difficulties that there are underlying this question of promotion in the municipal service, of which the principal appear to me to be :

- (1) That in all the higher offices the officer needs, and indeed to perform his duties satisfactorily must have, professional qualifications.
- (2) That the subordinate officers in most cases remain in the service of the same municipality for all their working lives.

My two senior non-professional assistants have been in the service of my Corporation for forty-six and forty-three years respectively, and have held their present positions for more than thirty years.

- (3) That even in the larger municipalities, the number of officers employed in each department, or in each class of work, is not very great, and the officers of different departments are not very easily interchangeable, as the details of the work of each department differ very considerably, and it is in these details that the

Public Administration

individual officers are experienced, and it is this experience that qualifies them for senior positions in their own departments but not in others.

Promotion in the municipal service, in my experience, and I have no doubt that most of my colleagues will agree with me in this, is not an easy matter in any one municipality taken by itself, and in so far as it occurs in municipal service occurs by transfer from one municipality to another, and even so is confined almost entirely to the promotion

- (1) of junior professional men to senior or principal officers ;
- (2) of junior clerks or junior minor administrative officers to senior positions of the same character as they would have obtained in their own municipality if the opportunity had occurred.

Promotions of the first class are of daily occurrence and need no further comment. Promotions of the second class are common and afford the only opportunities of promotion for many subordinate and non-professional officers, when the senior positions in their own municipality are held by men who have still many years of service before them, or such junior officers are not content to wait for dead men's shoes.

The question remains, to what extent is it practicable or desirable to promote non-professional officers to posts that are now usually held by officers holding professional qualifications ?

As I have already said, in most of the higher offices high professional qualifications are desirable and in some essential, and in its degree this remark applies equally to the principal assistant posts. In some of the highest appointments long experience and high character have been held to be a sufficient qualification, but even in these cases a professional qualification would have been an added advantage, and for our purpose it may be said that the problem is to provide the necessary opportunity for junior officers to qualify for promotion by obtaining a professional qualification. In some departments such a qualification can be obtained by a junior officer by his own unaided exertions and while performing his ordinary duties ; an accountant assistant or a surveyor assistant may obtain very valuable qualifications in that way. A clerk may become a barrister and later, if he pleases, a solicitor. But it is at least doubtful whether these entirely unaided and private study methods, praiseworthy as they are, afford the best means of securing for the higher posts the highly trained and highly qualified officers that are needed, and I should like to see a scheme common to the whole service which would provide a ladder for all suitable men, that is, that will make it possible for the exceptionally able men to be sorted out in the early years of their service and afforded opportunities of obtaining a normal professional training, including periods of service in a large municipality and in an office or works that are not municipal.

Promotion in the Municipal Service

To take as an example the junior clerk in a Town Clerk's office who is by natural gifts and general character marked out for promotion. When between the ages of eighteen and twenty-two, having matriculated or passed an equivalent examination at his own cost and by his own energy, and so having qualified himself for a reduced period of four years' articles, I should like to give him an opportunity, by passing some further scholarship test, of becoming entitled to his articles free of cost and of serving his articles under such conditions that he could, while maintaining himself, receive a full training and attain a full qualification. To do this I think he should leave his own town, spend, say, two years in some other municipal office as an articled clerk of the town clerk or other chief officer, being a solicitor, then one year with the solicitors or agents of his home municipality, and the last year back in his own town, with his own solicitor chief officer, if possible, but in any case with two or so years of service in his own municipality, as an assistant solicitor, assured to him at the end of his articles.

The financing of such a scheme should not be difficult or costly. The local government associations or even the larger municipalities might well provide the stamp duties, etc., on the articles by way of a quasi scholarship, while the services actually rendered by the articled clerk ought to justify a small but sufficient salary being paid to him during his period of articled service.

Similar schemes could be made applicable to the conditions of most if not all other departments of the municipal service.

In conclusion may I express the view, that it is of great value to the service, and of still greater advantage to the officers themselves in their relations with the business and professional men with whom they have to deal, both on their Councils and in the conduct of the business of their municipalities, if the chief officers are men who are not entirely inbred, but have behind them some practical experience gained outside the Town Hall or the municipal department, and of still more importance that their own professional qualifications should be of the highest standard of their profession. While promotion should be the rule of the service, the steps by which promotion is obtained should include a full professional training, with some experience, if only a year, during such training, spent by the officer in the different, if not freer or more liberal, atmosphere of the outside world where dwell and work those who are not municipal officers.

Personnel Questions in Government Enterprise and Large-Scale Industries

By JOHN LEE, C.B.E.

[*A paper read before the Institute of Public Administration, March, 1927*]

IT is a curious fact that while, in England, there is much discussion of questions affecting the relationship between Capital and Labour, in the United States there is much more definite study of the factors which are involved in that relationship. That is, I think, because it is much more clearly realized in the United States that the question has long ceased to be, in the strict sense of the words, an issue between Capital and Labour. It has become on both sides of the Atlantic much more a question as between Management and Labour, and the manner of ownership has become of less and less importance. It is this fact which enables one to deal with nationalized industries and large-scale industries as possessing many features in common. The sense of ownership of a nationalized industry is far to seek. Certainly it is remote from the Management, unless by some stretch of language we regard the high officials in the Treasury as standing in the shoes both of Proprietorship and of Management. One can hardly say that the House of Commons, as constituted in our day, represents a sense of Proprietorship of nationalized industries. So that the Executive Management of a nationalized venture does not differ in essence from the Executive Management of a large-scale industry. It has its limitations in each case, and the more one examines those limitations the more one finds that the Management has a task which is made immensely more difficult by those very limitations. The more that large-scale industry develops in extent the less range of freedom is given to the Management in respect of matters affecting personnel. It may organize, with all the skill in its possession; it may aim at leadership or at the encouragement of enthusiasm; it may strive and indeed may succeed in instilling the spirit of mutuality. But all the time it is cribb'd and cabined. It has certain powers of punishment but gradually it has lost all the power of reward. The very size of the organization makes it impossible to have elasticities and adaptations for which human nature cries out. It is,

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Personnel Questions

I submit, a grave problem whether personnel administration of any sensitive or truly personal order is possible in organizations of the size to which we are growing accustomed. At any rate, I think it may be worth while to consider several aspects of that problem with a view to discovering its range.

The first aspect in importance is the increase of security of employment which is afforded by these large scale institutions once they have got going. It does happen, of course, in the moment of fusion, that there is insecurity. One cannot get the economic benefits of the organization of a number of units in one grand whole without reducing the numbers, and this falls hard on certain members of one or other of the units, as was illustrated recently by a great press fusion. But once the fusion is complete it becomes crystallized. In my youth industrial Lancashire sniffed at Government employment because of its lack of daring, its security, but I have lived to see vast industrial structures arise which have precisely the same characteristics, not excluding the pensions. At first blush this looks like a thoroughly humane development, but it brings with it various accompaniments which, at least, are of doubtful value. It dethrones any idea of personal valuation, for the worker is a standard unit, with a standard wage, with a standard output, and with a standard career in front of him. In turn this affects any possibility of reward in particular, for there is a big multiplier, and precedents must not be established too readily. In the organization, of course, there are delegated powers, and each worker is known to some one, to foreman or overseer or superintendent, but here again these little chiefs, as the French call them, have their powers narrowly circumscribed, and they, too, are members of an organism of their own level, with other little chiefs, also having circumscribed powers. Thus it comes about that the accompaniment to security is the loss of mobility and the growth of a sense of uniformity which is deadening. The amazing thing is that the resilience of human personality is so great that residues of personality are left whereby the deadening influence is checked. Still it remains the case that against so hard and unadjustable an environment it is only too probable that human nature chafes and that discontent follows.

The second characteristic is that rules and precedents assume an undue and a dominant importance. I cannot agree that this is necessarily the case, for it has been brought about by a fetic for uniformity, the blame for which lies as much with the Trade Unions as with the administrators. Again and again attempts have been made to ensure that rules and regulations are only outlines to be filled up by the Executive Management, but again and again they have failed. It is true, of course, that Executive Management must share some of the responsibility, for it has often shielded its timidity behind a cry for more and more rules.

Public Administration

Yet in saying this one must be tender. The penalty for initiative is severe, if it happens that initiative proves to be wrong, and from the point of view of rule and precedent, initiative is pretty sure to be wrong. Immediately we have devised an organization on the grand scale we begin to look for consistency in all its operations, and from that point rules and precedents take their rise. Moreover, it is a question whether consistency as viewed from a centralized attitude is really consistent. It may be a forced consistency which crushes local differences to powder, and the very life of an organization depends upon some recognition of local differences. The genius has not yet arisen who can devise general rules and precedents, not so much for local adoption as for local adaptation. So it comes about that the expert administrator is he who remembers rules and can apply them (with appropriate references) at a moment's notice. It might be an excellent mental and indeed an excellent spiritual exercise for him to conjecture what would be the wisest thing to do in certain circumstances, but his function is to decide what the rule or the precedent dictates that he shall do, and the consequence is that his mental and indeed his spiritual outlook is narrowed. This may be judged from the present discussion in the American text-books which contend that rules and precedents and orders should not take the place of training. I notice that some industries in England are using the term "standard practice" instead of "orders."

The third characteristic is a necessary consequence, but it is worth separate consideration. The tendency in public services and in large-scale industries is towards uniformity of conditions and uniformity of remuneration, very probably on a basis of scale wage. This arises from the fact that administrators, in order to evade uncomfortable comparisons, are forced to remove the possibility of comparison. It means, of course, that valuation of services is a factor of little importance. Annual increases of an automatic kind, or approaching the automatic as to be indistinguishable in practice from the automatic, have become commonplace. The consequences are bound to be a deadening of interest. I know quite well that in other aspects of industry there is the same tendency. Mr. Ford's theory of high wages is accompanied by a general unification of skill of which Mr. Ford boasts, but it is a question if that does not involve a loss of individuality, which is a high price to pay for the good wages. Similarly, there is in England—in shipbuilding, for example—a tendency towards the unification of crafts which, however desirable it may be from the point of view of interchangeability, may result in something which renders interchangeability unnecessary. Accordingly we find in the public service and in large-scale industries that there is a general acceptance of the doctrine of equal capacity, and almost a desire to provide little room for unequal capacity. An American writer on this subject has said that mediocrity is popular as

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Personnel Questions

against exceptional ability, and he prophesies that it will be increasingly difficult to recognize abnormal ability where it exists in an environment of mediocrity. The vexed question of promotion enters at this point. An organized system of promotion by the marking of a committee possibly is more just to the average man, but it results in widening the range of the average man. In short, justice can be too refined. It can be so refined as to be timid and shrinking. It can be so exquisitely sensitive to general claims as to fail to see particular claims. Promotion by seniority is perfectly just to all of us, for we grow old with equal rapidity, but it can hardly be just to the organization itself. Where every soldier has a field-marshal's baton in his knapsack is to be found an Elysium if the claims to use the baton are so equable that it does not matter who is to be leader.

The fourth characteristic is the rigidity of the organization. Let it be granted at once that the organization of public services and of large-scale industries shows a vast improvement, yet it is to be questioned if there is not a crystallization of organization. New theories, such as the theory of functionalization, come across the Atlantic. We read of them with interest, but we are apt to sigh and say that to adopt them even on a small scale would mean such a drastic overhaul that we hesitate, and he who hesitates in respect of needed changes in organization is lost. Indeed, it may be said that even apparently purposeless reorganization is better than rigidity. Those who have read Mr. Ordway Tead's new book on *Personnel Administration* will have noticed how carefully he renounces some of the main features of modern organization, yet here we are in England with vast enterprises struggling under precisely the same skeleton of organization which they had thirty years ago. In some cases a large fusion or merger has been carried out with no regard for the need of an entirely fresh organization to meet the newer demands. There have been too many attempts to weld together organizations having widely different foundations, and the resultant has been something which combines the vices and overlooks the virtues of each. An organization ought to be a living thing, shedding its skin and repairing its body. The grave truth is that it has become, too often, a rigid skeleton, without flesh or nerves.

It is not difficult to put these four characteristics in the high lights of criticism, but when we come to offer constructive remedies we seem to be baffled, and here lies the real problem. How shall we set to work so that the increasing security of employment, welcome as it is, shall not bring with it the deadening of venture or enterprise? How shall we make rules and precedents into daily helps and guides to decisions rather than the hard framework within which decisions are made? How shall we provide a reasonable basis of remuneration, so that odious comparisons may not be made, without bringing the chill hand of

Public Administration

uniformity over our organizations and fostering a dead-leveldom of discontent? How shall we make organization into a living and growing and self-adapting organism with an evolving vigour responsive in some measure to the aims and the hopes of each living member? In a culminating sense these four questions make the real problem in public service of all kinds and in a less degree at the moment, in large-scale industry. The curious fact is that all of us are aware of the problem, in one aspect or another. It haunts us. It oppresses us. There is no solution to be found in any attempt to put the hands of the clock back. We can no more plead for Individualism as a method of life than we can plead for the Feudal System. Large-scale organization is with us. Its advantages are beyond question, and as time goes on these advantages become more dominant. But in what way these advantages can be combined with a keener regard for the development of the individual, with a swifter appreciation of the qualities and the capacities which that development may have produced, with a sense of richer colour from variety, with a closer mutuality because of the very differences—that is the problem. I must content myself with having stated the problem, but there do seem to be one or two factors which need to be mentioned, on the way, so to speak, to a solution.

In the first place, I think we need a Personnel Department, such as is now common in American industry, in every great service whether publicly owned or not. The time has gone by when the human factors can be known by instinct just as the time has gone by when men and women in industry are only rule-and-precedent fodder. We do need a conception of discipline which will be firm and just, but also needs to be corrected and safeguarded from the human angle. There is everything to be said for the representative method by means of trade unions and organizations, but what seems to be overlooked is that there is a cultivatable art of knowing how to receive these representations and more of knowing how to respond, in action, to them. There is, of course, the crude way of responding to them only when they carry sufficient force to make their way, and this method, as Professor Clay said of Arbitration, is the method of divining the result of conflict without the conflict. Those of us who complain of representation being a weariness to the flesh would do well to remember that it takes a specially skilled medical man to find from a patient's conjectures of his ailments what those ailments really are. The trade union type of representation is not invariably a correct diagnosis. A skilled personnel department would be able to meet the skilled representatives on their own ground. Sometimes it would be in advance of representation. True management of large-scale industries will need itself to be alert to injustices and to finding remedies for them merely because they are injustices and not because of any idea of strategy. Nor is this to "dish" the Unions.

Personnel Questions

On the contrary, to leave remediable measures to the Unions alone is to add to the dangerous conception of Trade Unions as being infallibly right. No organization of men and women, no matter how admirably it is led and directed, can afford the luxury of always being right.

The second is to break down uniformity by some method of reward. I shall refer presently to the need for a delegation of authority on a scale which has not been attempted, and I mention it at this point to bring into relief the necessity for some delegation of additions to remuneration for special services or, indeed, for special abilities which do not necessarily crystallize into special services. Both in the public services and in large-scale industry there is far too rigid a conception of remuneration. No doubt there are enormous difficulties in the way of a change, but I do not think that there are serious difficulties in the way of giving authority to grant special advances. Nor do I think that there are insurmountable dangers. Even if we conceive a foreman with that power, though it is hardly practical politics to go so far as the foreman in delegating financial power, it is hardly likely that he would abuse it. The standard would not always be the same, of course, but from this I think there would be gain and not loss, for we do need a little realism in dealing with human nature, and whatever may be said of it, human nature is ample in its variety. Even if it should be more just to pay every one alike, from the angle of payment only, it is folly and blindness to overlook the difference in quality with which the work is done by different persons with different temperaments. I want the State to be a model employer in that I want the State to cultivate and to encourage model employees. Thus I would introduce a system of immediate and revocable rewards, in the form of special increments of wages, to be directly granted by officers to whom authority has been delegated. The cry of favouritism will be raised, and it will be raised quite justly, for we want and we need the favouritism which will recognize merits. We are suffering from the impress of the nineteenth century when a trembling world got it into its head that it was advanced thought to check particular advance.

The third is to entrust a personnel department with the choice of persons for work. Vocation studies nowadays can be scientifically based. They have revealed wide differences in mankind. A personnel department, worthy of the name, will be in close touch with modern psychological study in such a way as to discover the best-fitted persons for certain work. It need not be done autocratically; there is room for a wide co-operation of labour representation. It is fortunate that it does happen that psychological fitness includes a liking for the work. Indeed, I am sure that research on these lines would take us very far in our care for personality in these large aggregations. And it is personality

Public Administration

that matters. Efforts which we may make to level down human nature not only fail in themselves but they occasion untold anguish. We cannot eliminate all chance in life, but surely the best way to minimize it is by a closer study of the later discoveries in psychology. We have tried to eliminate it by saying that there shall be no chance, there shall be no choice, every one must have the same job, the same pay, the same prospect. Everything is to be the same but it cannot be the same everyone. Herein lies one of the most potent causes of discontent. Men and women in hundreds of thousands are driven into the performance of tasks for which they know themselves to be unfitted. In the same industry there are cases in abundance. It is no social reform to plead for uniformity of treatment; rather it is human destruction.

The fourth is the need for delegation and, what is more, the frank and liberal interpretation of what is done by delegation. Our organizations as a rule badly need overhauling with a view to the discovery whether closer contact is possible between unit workers and some one whose authority is rather more than a shadow. The older type of organization placed serried ranks of such shadows between initial authority and the worker. The world says that bureaucracy has too many bosses; if it knew it would say that many organizations have too few. There is no real reason why a vast organization should not be builded of smaller organizations with pretty considerable powers, each dovetailing into the whole. We have much to learn even yet from central and local government. An able book on the *Medieval City State* has recently shown us that the conflict between centralized and local authority is the basis of all history. On the one hand, there was Spain, Scandinavia, France, and England with unmistakable central authority; and, on the other hand, Italy, Germany, and the Netherlands with local authorities. The evolution has proceeded until now we find central authorities with local delegation. There is good reason to believe that we are in an early stage of the same evolution in respect of industrial organization. It has proceeded towards centralization; it has not yet discovered the possibilities of delegation of certain powers back again. It has not recognized as yet, as it will recognize, the real entities of the constituent parts. When it does so, it will shed some of its anonymous impersonality, and the opportunity will arise for individual men to be men, even within the compass of a vast organization.

It is a fact that though there has been a vast improvement in education we have done practically nothing to make greater demands in respect of authoritative action upon the foreman and the classes immediately above. We have changed our organizations, but we have never seen that what is wanted, with the changes which we have made, is to open the channels so that living responsibility may come down-

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Personnel Questions

ward and that there may be increased sensitiveness upward. It may need a firmer choice at the promotion end, but that is not without its advantage. On the other hand, it will encourage the human-unit in authority to grow in confidence and in sensitiveness. It was ignorance made the martinet, and we are so afraid of the martinet that we leap to the other scheme, and we eliminate the strong and the courageous as well as the martinet. If in our choice for promotion the factor of personnel administration with which I began were taken into account, if the choice were made just with as fair and balanced a consideration of human qualities as at other stages, there is little fear of any other but firm and enlightened supervision. In an American government report on pensions, I find this paragraph :

The charitable approach to the problem has its definite limitations and drawbacks, especially for the large employer. Responsible as he is in the first instance to the stockholders of the corporation, he is ordinarily not free to indulge his personal inclinations and sympathies in dealing with the needs of individual workers. All his administrative acts must be governed by strict business principles. His contact with the thousands of men and women under his direction is necessarily minute and impersonal, while charity, to be effective, must be essentially personal. The attempt to combine the one with the other may easily result in favouritism, arbitrary discrimination, and paternalistic interference with personal liberty.

To this I reply, that if there is to be no compassion he himself will surrender his liberty. I reply, too, that carefully thought-out compassion may not be inconsistent with business principles ; it may attract where impersonal methods repel. There lies a misunderstanding of compassion at the root of the assumption that it is genial weakness. In that case it is not compassion but fear. Compassion, to be compassion, must come from firmness and strength prepared to be firmer and stronger if its monitions are abused. An organization without compassion is a machine and not a human aggregation. We shall need in the newer conception of personnel administration a margin for compassionate treatment in exceptional cases, and that very need will point to the need of a power of discrimination. It is of the essence of the old-fashioned conception of rules and precedents that they make no allowance for the exceptional case ; they purport to be all-inclusive. The newer management, on every level, will seek rules and precedents with a totally different function and will handle those rules as weapons to be put into human hands which have not lost the stimuli of minds and hearts and souls.

I am not at all sure that there is not a fallacy at the root of what are claimed to be " democratic " methods in industry. My experience with service Trade Unions has been exceptionally fortunate, and yet I should have to plead guilty to having seen instances which come perilously near

Public Administration

to the crude idea that the individual through the Union is to govern himself. This is anarchy and not democracy. Properly constituted authority must be obeyed. The policeman in my small town in Surrey rules us in respect of the peace, and it is no basis for a protest that we elect the government. Rather, as Miss Follitt puts it, what happens is that we enlighten the government by stating broadly what our desires are in respect of government, but we do not govern. It is true that wise government either of a State or an Industry must strive to be exquisitely sensitive to the enlightenment which it can get from all who are members of the State or Industry. Trade Union leaders, both in the services and in large-scale industry, could hardly do a better work at the moment than to clarify ideas on this subject. There are too many cases where it seems that subordinate members dictate their conditions and assert what comes near to domination, and the head of an industry or a department is faced with the moral problem of making what he knows to be a legitimate concession at the cost of an abrogation of authority and of responsibility. A more careful and precise realization on both sides of the supreme value of representation as a process of what I call moral enlightenment would do more than is generally understood for the healthiness of human relations in large-scale aggregations, governmental and otherwise. To put the discussion of claims to the measure of righteousness is far greater in moral weight than to play at a conflict of forces. It cuts two ways, of course. Each side has its responsibilities in this respect. At the moment, however, I am convinced that there is a wide misapprehension in the services and in large-scale industries as to the functions of Trade Union leadership. That leadership would carry far more weight, I am convinced, if it emphasized the moral responsibility of control, which is receptive and sensitive to the expression of opinion and to the articulation of requests.

That the art of receiving deputations or of benefiting from conferences is yet to be learned is admirably illustrated by Miss Follitt. "Many employers," she says, "came to these joint conferences of employers and employees with little notion of conferring, but to push through, to force through, plans previously arrived at. It seems as if the methods of genuine conference have yet to be learned. Even if there were not the barriers of an unenlightened self-interest, of prejudice, rigidity, dogmatism, routine, there would still be required training and practice for us to master the technique of integration." And again she says, "It seems to me that the aim of the employee representation should be not merely to transfer the antagonism of 'sides' to a different field, but to see how far sides, that is controversial sides, can be done away with." Judged by this standard, Whitleyism in the Services has failed more completely than in large-scale industry. We have reached the possibility of compromise, but as a general rule we have fallen

Personnel Questions

far short of integration. So far from having banished the conception of two antagonistic sides we have crystallized the two antagonistic sides.

I confess that I envy certain large-scale industries in America which have been able to carry out such aims and which, in addition, have been able to take their workers into full confidence in respect of financial affairs. Here is an account from Mr. C. M. Ripley's *Company Finances Brought Home to Employees*, which to my mind is more than significant :

The General Electric Company has developed a plan of making clear its financial and operating policies to its workers. Through the employees' magazine and by means of illustrated lectures, in which charts, diagrams, and tables are thrown on the screen and explained, the organization and development of the company are described. The responsibilities of the management are pictured and outlined. Complete annual reports, arranged and expressed in terms that workmen understand, and telling just how the company earns and spends its money, are put before the workers, and general facts about corporation policy and financing are clearly explained to keep employees informed about the inner affairs of such an organization and thereby stimulate their interest and co-operation. The important topics presented along this line through the workers' magazine and the lectures are : Just what is "the company" ; how was it formed ; who are its stockholders ; how is it organized and officered ; what are the responsibilities of the management ; in what form and how great are the company's assets, its liabilities, and its surplus ; where does the money go ; what does its profit and loss sheet look like ; how can the company grow.

Two facts seem to me to be perfectly clear. The fullest range of information must be forthcoming, and it must be distributed in the widest possible way. To give it confidentially or quasi-confidentially to representatives, whether by Whitley Committees or otherwise, is not sufficient. No matter how fully a representative may be trusted there is always a danger of separating him from those whom he represents. Mr. Ordway Tead puts this danger clearly before us when he says :

Managements should be constantly alive to the serious danger of a gulf developing between employee delegates and the workers themselves. The delegates, in consequence of the educational influences of their committee work and because of the closer touch with all the facts which their committee action brings, almost unconsciously come to take a more responsible and thus often a different view of the problems from the rank and file.

But in the public service there is a problem which is even more profound and difficult. No matter how large the large-scale industry may be, it still has its capital upon which dividend must be earned, and it is still true that wages paid are in some sort a balance against interest paid. In the system of government departments this only obtains in an indirect way, and the consequence is that there are two losses, no one has the particularized possessive feeling of being a proprietor,

Public Administration

where every one is a proprietor, and, on the other hand, the Whitley or other representative system is shorn of the responsibility of facing the financial consequences of its actions or of its desires. When we come to face the question of personnel administration in these vast institutions, the question will arise whether it is really possible without a system of balance-sheets comparable to those of what we have been pleased to call private enterprise. Hence I am of opinion that if truly co-operative action is to be sought, if the State is to be a model employer in every sense, there will need to be a complete change in its methods. In fact, it seems to me that for the operation of government-directed or municipality-directed enterprises we shall need a development in a direction much more closely analogous to large-scale industry. Perhaps it would be more accurate to say that the signs are that we are moving steadily in a direction which is neither direct government operation on the one hand nor unregulated private venture on the other hand, and that the form which public utilities will take in the future will be rather of the public corporation type, with a general survey on behalf of the public, but with a newer sense of responsibility to personnel, and *per contra* with a much-needed sense of responsibility on the part of the personnel for a realization of the ultimate aims of the corporation. In this evolution I think Whitley and Industrial Committees may be a valuable transitory stage, but they will need to learn a sense of adaptability to circumstances, a sense of valuation of services, a sense of duty towards individual merits of an unusual order, and a desire—a generous desire—for much more liberality in executive action, with a consequent modification of uniformity.

For myself, I believe in organization, but I believe also in the possibilities of over-organization. I am convinced that true organization, soundly framed, always allows margins, partly because of its inherent inefficiencies, partly because of the need of allowing scope for human individual expansion. The root trouble with organizations of the rigid type to which we have become accustomed is lest they strive to include within the scope of their machinery that which belongs really to the individual intelligence and the individual judgment of its members. An imperfect organization which makes this allowance may in the last resort be more operatively perfect than the closely-welded organization to which many minds have aspired. Certainly it will remember that paradoxically it never does to-day's work save in the sense that it is learning from it in order to do to-morrow's work. How much of discontent and inertia is born of this over-organization must sometimes have been revealed to us in that human nature is so closely confined by it as not to be able to expand. And it is at this point that we need to be specially alert. We have achieved much in sanitary conditions so far as physical needs are concerned, but many of us must be haunted

Personnel Questions

with a suspicion that healthy mental and psychological conditions are ill to find in our vast industrial structures to-day. If personal welfare is to be our aim I venture to submit that it is not merely a matter of air and sunlight, or of good salaries and wages, or of security of tenure, or of pensions on retirement, valuable as all these are in their spheres and in their combination. It is that we should be able to give, in old-fashioned words, fuller opportunities of self-realization, of contribution to the general success of the enterprise of which we are a part. Anything short of this must be what the psychologists call "repression," and herein lies an evil the full meaning of which we have yet to discover. The next generation will need to take this further step forward, and in taking that step forward it may discover that we who have been laying foundations in our generation have placed the base of a structure, the grandeur of which we could never conceive, blinded as we have been by the mists of irrelevant controversy. In short, I claim that it will be through the discovery of the need for personnel administration that we shall find the adaptable organization for public utilities, a sensitive and mobile organization, which will make greater demands and, in turn, offer greater opportunities to those who come after us.

There is something startling at first sight in Mr. George Bernard Shaw's criticism of modern management in his article in the *Encyclopædia Britannica*. "An employer may bequeath the control of an industry involving the subsistence of thousands of workers and requiring for its chief either great natural ability and energy or considerable scientific and political culture, to his eldest son without being challenged to prove his son's qualities, whilst if he proposes to make his second son a doctor or naval officer, he is peremptorily informed by the Government that only by undergoing an elaborate and prolonged training, and obtaining official certificates of qualifications, can his son be permitted to assume such responsibilities." I doubt if to-day there are many cases of a parent leaving responsible control to an untrained son, nevertheless, I think it is at this point that government service has the advantage. The method of ascension—some would say slow ascension—from one responsibility to a greater responsibility does give an admirable course of training and of testing throughout the career of a public servant. Management is not to be learned in books or in university courses, but there is a need, as Miss Follitt shows in her *Creative Experience*, for a day by day correlation of fundamental principles with practice. If we could throw into a general pool of knowledge the experience on both sides, we might be able to learn something of Industrial Management, its aims, its limits, its methods, which might do more than at present we can realize for the development of the sense of corporate human responsibility.

The world will grow more and not less industrial; the world as an industrial organism will become more and more complex; in so far

Public Administration

as government service and large-scale industrial practice give us the occasion and the material for study of human relationship in industry, we owe it to our own swiftly changing times and to the times yet to come to offer our thought and our study and our experience to be some contribution to the solution of problems which seem at the moment as if they were to be too stupendous for a solution.

DISCUSSION

SIR H. J. WILSON, K.C.B. (Chairman) : There is just one comment I want to make on Mr. Lee's Paper. I do not altogether agree with him when he says that, judged by the standard which he sets out as to integration, Whitleyism in the Civil Service has failed more completely than in large-scale industry. I am very closely acquainted with the work of Whitleyism where it exists in the large-scale industries, and I know something about it in the Civil Service. I will not say that in Civil Service Whitley Councils we always succeed in arriving at what Miss Follitt calls integration, a term which Mr. Lee adopts, but at any rate, I would go further than he does in appreciation of the value of the service which the Whitley system has done to the Public Service. I quite agree with Mr. Waddington's¹ view that there is a great deal of good work that is done by Municipal Councils, and that they have in fact been able to tackle some very difficult problems in a way which could only have been done if there had been a policy of free discussion and open mindedness on both sides. I would give integration a wider meaning than is suggested in the Paper. It is suggested that integration means that the two sides, beginning a discussion with certain differing points of view, reach a compromise point of view at the end of the discussion. I do not dissent from that conception of integration, but speaking as the result of the experience I have had on my own Whitley Council²—representative as it is on the staff side of some 15,000 people—I would like to say that it may mean an identity of appreciation of the whole of the problem under discussion in all its aspects. If I may illustrate what I mean by that, I would say this: it often happens on any Whitley Council that the employing side, or the official side, is bound to say no to some request which has been put up by the other side. Now, we have tried in the Ministry of Labour on the official side to make it our policy, if we must say no, to explain very fully and frankly what are the reasons why we cannot say yes, and that seems to me a wise policy, provided you have got, as we generally have, a reasonable open mindedness on the part of both sides. Even though you may disappoint one side, you have integration in the sense that you have appreciation of the whole problem,

¹ Mr. W. H. Waddington, Deputy Clerk, London County Council.

² The Whitley Council of the Ministry of Labour.

Personnel Questions

and that has the great value that the representatives of the staff are prepared to see the difficulties of the official side, or, in ordinary industry, the difficulties of the management. It is one of the troubles of over-centralization in industry that those who represent workpeople are so far removed from the workpeople themselves. It was Mr. Waldegrave¹ who dealt with that point, and as I see it, it is one of the problems before industry in this country to see how a greater measure of elasticity can be brought about in the Department or the shops where the men are employed, so that Departmental Managers or the Works Manager, can get a better appreciation of what their staffs or their workpeople feel, while at the same time preserving the general structure of the industry as set by the central organization.

¹ Mr. A. J. Waldegrave, M.B.E. (Post Office).

Reviews

[It will be the object of the Reviews of Books in the JOURNAL to cover the whole ground of the literature produced in the preceding quarter which may have a bearing upon public administration. By this means, it is hoped, some assistance will be given to the student and some direction to the general reader. A judgment of the value of the books will be attempted, as a portion of the ordinary duty of criticism, but the particular value of the book in its relation to the advance of the science of public administration will be regarded as the paramount criterion.]

BRITISH BOOKS

I

The Modern State

By R. M. MACIVER. (Oxford University Press.) Price 21s. net.

PROFESSOR MACIVER loses no time in making clear the point of view from which he regards the state. In his preface he says :

The state is an instrument of social man. Its changes are a record alike of his experience with it and of his own changing needs.

Only in the light of this principle, he maintains, can we secure a true view of that most powerful and probably most complex of all human associations, the state, and attain correct judgments regarding the nature of its sovereignty, and the proper form and powers of its government. In its simplicity and power, this doctrine reminds one of Marx' *Economic Interpretation of History* or the utilitarian philosophy of Bentham. When, however, the author carries his principles to the extreme length of the following antithesis :

The family, the church, the club, all the associations of common living or of friendship or of culture, bear their fruits within themselves ; but the state and the economic order are mechanisms only, eternally necessary because of the eternal necessities which lie between men and the objects of their desire,

the weakness of his position becomes apparent. Inadequate as this conception of the state may be to those concerned with the establishment of a complete doctrine of first principles, it has at least one outstanding merit—it throws considerable light on a number of difficult problems of government. It is for this light that administrators will look.

In dealing with forms of government, for instance, the author bases his conclusion that every state inevitably tends towards democracy and self-government on an acute analysis of history. "Claims of rights or titles to power" find no place in his philosophy, but, he argues, no

Reviews

state can maintain its authority unless it first maintains its integrity, and this depends on the strength of the general will of the community. This general will is not the same thing as the will of the majority, it is something bigger and more powerful, it is the will to preserve the state and abide by its laws even when these may be resented. Under autocratic, aristocratic or alien governments a severe strain is placed on this spirit of law abidingness, when the inevitable grievances arise, the cure for which would appear to involve the overthrow, probably by violent methods, of the government in power. Under democratic government, on the other hand, the aggrieved have only to gain the support of the majority of their fellow citizens in order to secure such a change. The spirit of unrest finds its outlet in agitation, the instinct for fair play is satisfied, and the stability of the state preserved. It may be objected that all this is hardly sufficient to justify the assumption of the inevitability of democracy, but with that we are not greatly concerned; we welcome its cogency, and the acute analysis of history with which he supports it, as a guide to modern policy.

Then there is the constantly recurring problem of sovereignty. What degree of authority ought a government, which by his original definition is merely an instrument, to exercise over citizens? Towards the solution of this problem Professor MacIver introduces two important considerations:—

- (a) The authority of any government, whether democratic in form or not, is limited by the need to preserve the support of the general will of the community.
- (b) No government should seek to exercise authority beyond what is necessary to enable it to carry out its proper functions.

If the argument, as outlined above, in favour of representative government is correct, then (a) denies the authority of governments to limit the expression of opinion, as freedom to express opinions is the great preservative of the general will. This does not imply, of course, that governments may not suppress sedition, but by giving the fullest freedom for the expression of opinion it removes the temptation to resort to violence.

The special interest of his treatment of sovereignty, however, is its relation to his analysis of the proper functions of the state. Thus we have seen that it is not a proper function of governments to control the expression of opinion, although, one may remark, they frequently censor theatre plays and cinema pictures, and control broadcasting by wireless. The relation of governments to the development of opinion is, however, by no means so simple as this would imply. In every civilized country governments do, and in fact must, play a considerable part in the development of the intellectual and cultural life of the

Public Administration

citizens. They provide schools and support universities, assist in the provision of art galleries and museums, and publish information. On this problem Professor MacIver has not rounded his analysis off with the completeness which his treatment of other topics had led us to expect. His analysis of the relation of church and state is excellent and interesting, but it does not exhaust the subject of the relation of the state or its government to the spiritual and intellectual life of its citizens, and to the development or control of opinions and beliefs.

Nor does his principle that the proper functions of the state are those and only those which it can perform for the community better than any other association, help us much in the solution of this problem. It is, however, fundamental when considering the functions of governments in relation to social conditions and economics. Professor MacIver is most illuminating in this part of his work, and the tendency which he shows to commend what we do to-day, to condemn what we did yesterday, and to cast doubt on what we will do to-morrow, is not a serious defect from the point of view of the man concerned with day-to-day administration.

Our author, however, holds that one of the most important limitations on the proper functions of the state is that imposed by its mode of operation, which he assumes is almost exclusively the passing and administration of laws. These, in democratic states, involve elaborate processes of legislation and rigid systems of administration, totally unsuited to the management of affairs which are subject to frequent changes in their circumstances. There is, of course, a large element of truth in this view, but, in the weight which he attaches to it, Professor MacIver appears to have sacrificed some of the realism of his analysis. However typical of the state "laws" may be, they are by no means the only method by which it operates. In the sphere of foreign relations, labour policy, commercial policy, and the management of public utility services, the administrative arm of the state is concerned with "policy" which has not been stabilized and limited by "laws." Furthermore, even when concerned with "laws," modern legislatures habitually leave to the administration the task of applying and adapting their provisions to changing and unforeseen circumstances. One may regret or resent this tendency, but its results cannot be ignored in any objective study of the capacity of the state to undertake certain functions.

It would not be fair, however, to close a review of this book on so critical a note. Let there be no mistake, this is a good book, stimulating, creative, and helpful.

A. C. STEWART.

Reviews

II

The "Case Law" of National Accounting

Epitome of the Reports from the Committee of Public Accounts, 1857 to 1925.
House of Commons Paper 161 of 1927. 742 pp. 12s. net. H.M. Stationery Office.

THE new "P.A.C. Handbook" is substantially a reprint of the 1911 edition, with some 170 additional pages which reflect, from an accounting standpoint, the vast increase of the sphere of State action during the war years and the post-war modifications, temporary or permanent, of the theory and practice of Public Accounts.

The English system, effective but unscientific, bewilders the foreign student by its very simplicity. These pages attest the elasticity and adaptability of the system as formulated in its essentials sixty years ago.

The word "War" in the Index gives but one casual reference (p. 587) to the events of 1914-18, but the references cited under "Votes of Credit" show with what degree of success the largest "fond de disponibilité" in history was subjected to normal accounting control. The difficulty of indexing its successor (the War Bonus Vote, pp. 643 and 738) proves how unaccustomed is British practice to any sort of "reserve vote."

In the varied activities financed by the Votes of Credit, grave difficulties were at first experienced in bringing within the compass of "Vote accounting" the advances made to contractors, large or small, by way of working capital. These difficulties had been faced and largely surmounted before the Armistice; but the Reports available for quotation (e.g. at the top of p. 579) give little clue to the real nature of the problem or of its solution.

The peculiarly British institution of the "Accounting Officer" occupies something like a third of the pages devoted to the post-war period. Ever since the term was introduced in 1872 there have been two rival schools of thought. At times anxiety to limit individual power has favoured the appointment, within each Department, of a high financial official who should serve as a "Treasury outpost" and criticize with some degree of independence the proposals of the administrative side of his Department. The rival school has urged that the functions of the Permanent Head of a Department would be logically incomplete, if they did not include responsibility for due discharge of financial as of other business. This logical view, which is in the ascendant to-day, demands that the Permanent Head, being also "Accounting Officer," shall view impartially, alike from the standpoint of policy and of finance, all the work of his Department. The Reports give some hint (e.g. p. 617, para. 38) of the practical dangers of a growing tendency to

Public Administration

subordinate completely his financial and accounting advisers to those on the administrative side.

The volume closes with the tacit acquiescence of the Committee of Public Accounts in the abandonment of the vast "cost accounting scheme" of the Army, and many pages indicate that the Committee (in common with successive departmental and inter-departmental Committees who examined the scheme during its six years' trial) found it hard to strike a balance between theoretical possibilities and practical difficulties. The research student, distant either in time or place, will find it harder still to form a judgment on the basis of the published documents. (There is a tantalizing mention on p. 591 of an unpublished report.) But the new "Trading Accounts" section of the Index, and the statutory powers given to the Auditor-General with regard to those accounts (p. 680), evidence a recognition in many quarters of the use of accounts from the "value for money," as well as from the mere "fidelity," aspect.

It is interesting to note from the title-page that the present volume was published on the motion of the Chairman of the Committee, and not, as on former occasions, on that of a Treasury Minister. This, and the preface, may remind us of the intimate relationship between the Auditor-General (by whose staff the book has been compiled) and the Public Accounts Committee. Other Parliamentary Committees, notably Committees on Estimates or on National Expenditure, have expressed weighty opinions which have long since been buried in accessible Blue Books. The personnel of the Public Accounts Committee may change from year to year, but it is in no small measure due to its permanent and expert adviser, the Auditor-General, that there is such continuity in the developments of its traditions; and that its dicta, as collated in this convenient work of reference, have acquired, in practice, almost the force of law in the realm of National Accounting.

A. T. V. R.

III

A City Council from Within

By E. D. SIMON. (Longmans.) 7s. 6d.

AFTER enumerating the meagre list of books in English dealing with the problems of local government, Professor Graham Wallas, in his preface to Mr. Simon's book, says, "There is almost nothing which one can recommend to a public-spirited man or woman who is proposing to stand for election on the town council of a great English city, as an indication either of the work now done by the members of such a body, or of the problems of urban administration which still require solution.

Reviews

Mr. Simon has supplied exactly what such a candidate wants." This book can be commended to every student of public administration whether he proposes to take an active part in it or not. A fact quite as remarkable and deplorable as the dearth of published information is the reluctance of men of capacity and business experience to take part in the government of even so great a city as Manchester. Mr. Simon refers to a Committee on which were co-opted sixteen leading Manchester men, professors, engineers, chemists, consultants, and manufacturers. They made, he says, a first-rate committee, but not one of them had ever stood for election as a city Councillor.

Seeing how unrepresentative of the best minds of the citizens a city council may be, it is surprising that it functions so well as in fact it does, and this must to a large extent be due to the quality of the permanent officials. But these men and women, admirable as their work may be and is, can hardly be expected to supply the deficiencies of elected members; it is not fair to look entirely to them for that breadth of view, that planning for the future which is the only way of salvation for the modern city, a legacy of the confused and unimaginative Victorian days. "It is because of this narrowness of outlook, this willingness of the Councillors to absorb themselves in routine work and to ignore their responsibility for the big issues of city life, that our towns have grown up so ugly, inconvenient, and unhealthy." How to make the existing machinery a more effective instrument for the creation of the healthy city state is the object of certain wise suggestions which form the most valuable part of Mr. Simon's book. First he would split up the functions of the Lord Mayor into those of a ceremonial character, to which this official should devote himself, and those of a purely business character which should be carried out by a Chairman of the Council. Secondly, there should be a standing committee of "Co-ordination and Control" which should allocate duties to the various committees and recommend new committees to take up new duties; and thirdly, the town clerk should be an experienced administrator, preferably not a lawyer; this official's outlook and responsibility should approximate to those of the German burgomaster, a trained administrator who takes a real pride in the beauty and health of his city. "It is needless to stress the contrast between the cleanness and beauty of a typical German city and the dirt and ugliness of a corresponding city in this country." Mr. Simon points out, however, that Manchester at the present time is particularly fortunate in her town clerk.

Public opinion is even yet very vague as to the importance and significance of the work of the municipal official. When there was a vacancy for a town clerk at Manchester a local Communist organization wrote to the Lord Mayor saying they had 200 clerks on their books, "any one of whom was able and willing to take on the town clerk's job"

Public Administration

for a salary of £200. It isn't at all certain that this opinion is not held by many who would be horrified at the idea of holding identical views with the Communists.

But above all Mr. Simon would place the recruitment for the municipal civil service on the same basis as that for the national Civil Service, drawing men direct from the Universities to occupy the higher administrative posts and filling all positions by examination. He wants to see "the establishment of a first-class municipal Civil Service on national lines, with free interchange from one town to another," involving, naturally, a common superannuation scheme. This is a view which has been strongly held and widely advocated by some members of the Institute, and it can only be hoped that the suggestion will now be seriously pondered by local authorities. Another controversial question, that of Treasury control, is ably dealt with. Incidentally, Mr. Simon sagaciously and audaciously observes that, "judging by the opinion of the market as to the relative financial soundness of the Government and of Manchester, it would almost seem more sensible for the Manchester Finance Committee to control the Treasury!" A good case is made out for less interference and more of that invaluable kind of control which works by constructive suggestion. But due acknowledgment is made of the generally helpful attitude of the Ministry of Health. It is a stimulating book, and if it does not make much impression upon Englishmen notoriously unfriendly to general ideas, it should prove of great assistance, not only to students of local administration, but to all who desire an England cleaner and more efficiently and scientifically administered.

H. G. CORNER.

FOREIGN BOOKS

I

Federal Water-Power Legislation

By J. G. KERWIN. (Columbia University Press.) 24s.

THIS volume is one of the Columbia Studies in History, Economics and Public Law, and is largely concerned to set out the struggle for federal control over Water-power in the United States which culminated in the Federal Water-power Act of 1920 (printed in Appendix VII). After survey of the economic aspects of "white coal" in the United States, and some discussion of the legal questions which arise out of the constitution, the author plunges into a story of the battle in the lobbies and chambers of Congress between the "conservationists" of the public interest and the "grabbers." One chapter is entitled "The Issue comes

Reviews

to Light," but in much of what is recorded in this and the ensuing chapters there is more heat than light, and we cannot say that the material is well digested. Much of it indeed could well have been spared in order to secure a more succinct account of the main issues and principal landmarks (e.g. President Roosevelt's message of 1908) which are duly noted, but would then have stood out more sharply.

X. Y. Z.

II

Jahrbuch des öffentlichen Rechts

THIS book by Professor Dr. Gerhard Lassar of Hamburg, dealing with the constitution of the German Commonwealth under the Weimar agreement, was the basis on which the author founded the interesting speech which he made at the Summer Conference of the Institute last July.

It is divided into two parts, the first of which is headed "Basic Questions," and deals with general matters such as the administrative authority of the central and local governments.

The second gives detailed information on the various administrative and executive bodies. It is divided into four chapters, the first of which covers the administrative bodies for foreign and internal affairs, army, justice, and the occupied territory. The second deals with the control of currency and public credits; the third with finance and fiscal administration; the fourth deals with traffic and transport, sub-divided under the headings, railways, canals, road transport, and postal services.

The chapters on currency and public credits are of distinct interest.

A. C. S.

Public Administration

OTHER BOOKS RECEIVED

Title.	Author.	Publisher.
"Comparative Colonial Policy."	V. Shiva Ram, M.A., Ph.D.	Longmans, Green & Co., Ltd.
"Delinquents and Criminals."	W. Healy and A. F. Bronner, Ph.D.	The Macmillan Co., New York. 15s. net.
"Social Economics" (The Hunter River Valley).	F. R. E. Mauldon.	Robertson and Mullens, Ltd., Melbourne. 12s.6d. net.
"Adventures in Administration."	Richard Hayes Crofton, B.A.(Cantab.).	Leonard Parsons. 7s. 6d. net.
"Public Authorities and Legal Liability."	Gleeson E. Robinson, M.C., LL.D.(Lond.).	The University of London Press, Ltd. 21s. net.
"Overseas Official Publications." Vol. I, No. 1. April, 1927.	Being a Quarterly Bulletin of Official Publications issued by the Overseas British Empire, or relating thereto.	The Royal Colonial Institute.

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